



**NATIONAL ENERGY TRADING AND  
SERVICES LIMITED**

**19<sup>th</sup> Annual Report**

**2018-19**

**BOARD OF DIRECTORS (AS ON 03.09.2019)**

1. Shri Niharendu Sanyal - Director
2. Shri Sanjay Kumar Bhardwaj - Director
3. Ms. Disha Sethi - Director

**CHIEF FINANCIAL OFFICER**

Mr. Sunny Mehta

**COMPANY SECRETARY**

Ms. Anjali

**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 19<sup>th</sup> Annual General Meeting of the Members of National Energy Trading and Services Limited will be held on Friday, the 27<sup>th</sup> September, 2019 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 receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 together with the Reports of the Board of Directors and Auditors thereon.

### **SPECIAL BUSINESS**

2. **Appointment of Mr. Niharendu Sanyal (DIN: 08178498) as a Director of the Company.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Niharendu Sanyal (DIN: 08178498) who was appointed as an Additional Director of the Company with effect from 12th November, 2018 by the Board of Directors 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 the 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.”

3. **Approval for increase in the remuneration of the whole time director.**

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 197, 198 and 203 read with Section II of Part II of Schedule V of the Companies Act, 2013, and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to Memorandum and Articles of Association of the company, consent of the company be and is hereby accorded to the increase in the

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**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 2865274, 2865272

**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

remuneration of Mr. Naval Kishore (DIN: 08183351), for the duration from the date of his increment till resignation whole time director allowances and perquisites as under:

Details of remuneration are:

- a. Annual compensation of Rs. 41,37,093.96/-at such pay scale as per the policy of the Company
- b. Family Health Insurance Cover, Group Life term Insurance Cover and Group Personal Accident Insurance Cover and Leave Encashment as per the Company's Policy;
- c. All other Facilities and Benefits as per the Company's policy.

**RESOLVED FURTHER THAT** any of the directors or company secretary of the company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to these resolutions."

**4. Appointment of Mr. Sanjay Kumar Bhardwaj (DIN: 08180543) as a Director of the Company.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Sanjay Kumar Bhardwaj (DIN: 08180543) who was appointed as an Additional Director of the Company with effect from 31<sup>st</sup> May 2019 by the Board of Directors 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 the 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."

**5. Appointment of Ms. Disha Sethi (DIN: 08515013) as a Director of the Company.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Ms. Disha Sethi (DIN: 08515013) who was appointed as an Additional Director of the Company with effect from 19<sup>th</sup> July 2019 by the Board of Directors 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 the 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.”

**6. AMENDMENT OF CALUSE 3 (A) OF MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider and, if thought fit, to pass the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 4 and section 13 of the Companies Act, 2013, and other applicable provisions read with the rules and regulations made there under including any amendment, re-enactment or statutory modification thereof, consent of the members of the Company, be and is hereby accorded to amend the Memorandum of Association of the Company, by addition of the below business activities as point 5 to the sub-clause (A) of Clause 3:-

“5.

**5A.** *To establish and carry on in India or elsewhere the business of prospecting, exploring, operating and working on mines, quarries and to win, set, crush, smelt, manufacture, process, excavate, dig, break, acquire, develop, exercise, turn to account, survey, produce, prepare, remove, undertake, barter, convert, finish, load, unload, handle, transport, buy sell, import, export, supply, and to act as agent, broker, stockiest, distributor, consultant, contractor, manager, operator or otherwise to deal in all sorts of present and future silicon, Quartz, Bentonite, laterite, all varieties of Feldspar, all varieties of ferro alloys, brass, ores, minerals, deposits, goods, oils, substances & materials, including sands, stones, and soils, chalk, clay, china clay, betonies, broils, calcite and coal, lignite, rock phosphate, brimstone, brine, bauxite, limestone, precious and other stones, gold, silver, diamonds, iron, aluminum, titanium, vanadium, mica, apalite, chrome, copper, gypsum, rutile, sulphate, tin, zinc, zircon, tungsten, and other allied materials, by products, mixtures, blends, residues and substances, and to do all incidental acts and things necessary for the attainment of the objects under these presents and to search, survey, discover and find out and the acquire by concession, grant, purchase, barter, lease, license, degrees & tenders the allotment or otherwise of land or water area from government, semi-government, local authorities, private bodies, corporations and other persons, such rights, powers, and privileges whatsoever for obtaining mines, open cast mines, bucket mines, quarries, deposits, etc. for the accomplishment of the above objects and manufacture, buy & sell, import & export, deal, trade in machineries, appliances and accessories required for the production of minerals and other products to buy & sell, hold stocks of minerals, enter into agreement of understanding to function as stockiest, commission agents or brokers for the above mentioned items and to act as technical consultants in connection with the above objects and to render technical know-how services in connection with the above services and to design, fabricate and manufacture plant and machinery, equipment, accessories, apparatus, machine parts and machinery required in minerals and Allied Industries.*

**5B.** *To carry on the business of designers, developers, manufacturers, producers, fabricators, assemblers, merchants, dealers, exporters, importers, sellers, resellers, hirers, installers and repairers of all types of irrigation equipment, irrigation systems, micro-irrigation systems, sprinklers, popups, rain spray, valves and control equipments, hydro rain, Biwall and fittings, controllers, Drip emitters of all types and drip irrigation systems, fertilizer, injection pumps, sand filters, screen filters, fittings, L.D. Polyethylene tubing, Pressure gauges and adapters,*

sand separators, spray nozzles, sprinklers, tensiometers, hydraulic valves, solenoid valves, solenoid anti-contamination valves and solenoid pressure reducing valves, fertilizer applicators, agricultural implements, tools, pumps, drilling equipments, casting tubes, manures, plant protection equipments, cold storage and refrigeration systems and to develop, design, produce, process and fabricate, accessories, components, implements, spare parts required for irrigation services and sink wells, construct dams, bandhs, culverts, cisterns, reservoir and filter beds and to provide main and other pipes and appliances and to carry on the business of manufacturers, traders, dealers, import and export agency, stockist for various raw materials, processing systems, machines that may be required in accomplishing this objective.

**5C.** To carry on the business as promoters, developers, engineers, surveyors, contractors, builders, real estate brokers and managers of and to purchase, sell, resell, give or take on lease or rent, lay out, develop, construct, build, erect, demolish, re-erect, alter, repair, remodel of commercial, industrial premises and residential houses of every type, housing societies, flat schemes, apartments, commercial buildings, offices, factories, warehouses, shops, go-downs, farm houses, markets, schools, hotels, motels, theatres, hospitals, recreation centers, and to undertake all types of contracts entailing Build Operate Transfer (BOT) or Build Operate Lease Transfer (BOLT) of roadways, national highways, bridges, flyovers, airways, foot-over ways, rope-ways, Cable Cars, sewers, canals, docks, wells, springs, dams, racecourses, water courses and reservoirs, tunnels, Electrical works, earth works, drains, sewage, light houses, towers, transmission towers, pipelines, underground cables, railway tracks, railway sidings, runway ship yards, stock yards, culverts, channels whether on turnkey basis or on labour contracts, reclamation, water parks, irrigation schemes, entertainment complex, industrial complexes, harbors, power plants, reservoirs, embankments and/or of construction, structural work of any kind whatsoever in India or abroad and for that purpose to acquire, purchase assets, liabilities, shares of any company, firm, corporation engaged in similar business and to develop land, buildings and other properties and to generate electrical power by conventional, non-conventional methods including Solar, wind, Hydel, natural gas, geothermal, geo-hydel, tidal waves, biogas, biological and carry on all or any of the business of producers, suppliers, distributors, transformers, converters, transmitters, processors, developers, storers, procurers, carriers, and dealers in electricity, all forms of energy, including captive consumption, and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash to bricks and any products derived from or connected with any other form of energy and to carry on the business of manufacturers, traders, dealers, import and export agency, stockist for various raw materials, processing systems, machines that may be required in accomplishing this objective.

**5D.** To purchase, acquire, take on lease or in exchange or in any other lawful manner, any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences thereon and to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, television installations and to deal with the same in any manner whatsoever and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others and to carry on the business of manufacturers, traders, dealers, import and export agency, stockist for various raw materials, processing systems, machines that may be required in accomplishing this objective.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things, including delegate such authority, as may be considered necessary, proper or expedient in order to give effect to the above resolution.

**RESOLVED FURTHER THAT** the Board of Directors or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to sign all such other documents, in each case, as they or any of them may deem necessary, proper or desirable (including without limitation for making the appropriate e-filings with the Registrar of Companies, Andhra Pradesh & Telangana / Ministry of Corporate Affairs), in connection with the amendment of Memorandum of Association of the Company and to give effect to the above resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorised to issue/ provide certified true copies of these resolutions.”

**By Order of the Board of Directors.**

**FOR NATIONAL ENERGY TRADING AND SERVICES LIMITED**

  
Sanjay Kumar Bhardwaj

Director

DIN: 08180543



Place: Gurugram

Date: 03/09/2019

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. 2,3,4 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.2

The Board of Directors with the recommendation of NRC has appointed Sh. Niharendu Sanyal as an Additional Director of the Company w.e.f. 12<sup>th</sup> November, 2018.

Sh. Niharendu Sanyal, aged about 56 years, is a Chartered Accountant by profession and he is possessing experience of several 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.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 Shri Niharendu Sanyal 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 proposing the candidature of Sh. Niharendu Sanyal for the office the director of the Company.

The Company has received from Sh. Niharendu Sanyal (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 Sh. Niharendu Sanyal 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 Sh. Niharendu Sanyal, to whom the resolution relates, is interested in the said resolution.

The Board recommends the resolutions set forth in item no. 2 for approval of the members of the company.

Sh. Niharendu Sanyal holds directorship and membership/chairmanship of Committees in the following companies:

| S. No. | Name of Companies | Directorship | Committee chairmanship | membership/ |
|--------|-------------------|--------------|------------------------|-------------|
|--------|-------------------|--------------|------------------------|-------------|

|    |   |                     |  |
|----|---|---------------------|--|
| 1. | Portia Properties Private Limited             | Director            | Member of the Audit and Nomination and Remuneration Committee                            |
| 2. | Tasra Mining & Energy Company Private Limited | Director            | Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee. |
| 3. | Bianca Properties Private Limited             | Director            | N.A.   |
| 4. | Tethys Properties Private Limited             | Director            | Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee  |
| 5. | Charon Trading Private Limited                | Director            | N.A.   |
| 6. | Uranus Projects Private Limited               | Director            | N.A.   |
| 7. | Neptune Projects Private Limited              | Director            | N.A.   |
| 8. | Lanco Kanpur Highways Limited                 | Additional Director | Member of the Audit Committee and Nomination and Remuneration Committee                  |

**Item 3:**

Mr. Naval Kishore was appointed as a whole time director of the company for the term of 3 years effective from 26<sup>th</sup> July, 2018.

The board of directors on the recommendation of NRC has increased the remuneration payable to Mr. Naval Kishore, Whole time Director w.e.f 1<sup>st</sup> January, 2019, as the payment i.r.o the managerial remuneration for the said year falls within the purview of Section II of Part II of Schedule V of the Companies Act, 2013.

Accordingly, the Board of Directors at its Meeting held on 29<sup>th</sup> March, 2019, felt it prudent to approach the Members of the Company seeking their approval by way of resolution for the revision in remuneration payable to the aforesaid managerial personnel in the event of loss or inadequacy of profits earned by the Company during the aforesaid financial year.

Further, this is to inform that Mr. Naval Kishore has resigned from the board w.e.f 24<sup>th</sup> of July, 2019.

The details particulars in respect of the Company and aforesaid managerial personnel are given below forming part of this Notice.

Having regard to the above, the resolution set out at item No. 3 have been proposed and the Board of Directors recommended the same for your approval based on the recommendations of the Nomination and Remuneration Committee.

None of the Directors and Key Managerial Personnel of the Company except Sh. Naval Kishore being the whole time director for the said period, are interested in the resolution set out at item no. 6.

Information about the Whole time director (for the duration 26th July, 2018 to 24th July 2019):

| <u>S.No</u> | <u>Particulars</u>  | <u>Details</u>   |
|-------------|---|--|
| 01          | Name:   | Naval Kishore  |
| 02          | Age   | 58 years   |
| 03          | Designation:  | Whole Time Director (26 <sup>th</sup> July, 2018 to 24 <sup>th</sup> July 2019)  |
| 04          | Remuneration details:   | Remuneration paid to Shri Naval Kishore has been specified in the Resolution.  |
| 05          | Past Remuneration:  | Prior to this revision, he was drawing a total salary of Rs. 38,20,995/- plus he was eligible for the other benefits like incentive, gratuity, insurances, perquisites etc.  |
| 06          | Qualification & Experience  | Shri Naval Kishore is a B. Com Graduate from Agra University and a Chartered Accountant by profession having an experience of more than 25 years. He passed his Chartered Accountancy in 1994. His area of Expertise lies in Corporate Finance, taxation and Accounts. |
| 07          | Date of commencement of Directorship  | 26th of July 2018  |
| 08          | The number of Meetings of the Board attended during the year and other Directorships, Membership/ Chairmanship of Committees of other Boards, | Sh. Naval Kishore does not hold any directorship in any other company.   |
| 09          | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:                        | Shri Naval Kishore does not hold any shares in the Company and he is not related to the other Directors or Key Managerial Persons of the Company, other than drawing his remuneration in the capacity as Whole-time Director of the Company.                           |

**Item 4:**

The Board of Directors with the recommendation of NRC has appointed Shri Sanjay Kumar Bhardwaj as an Additional Director of the Company w.e.f. 31<sup>st</sup> May, 2019.

Shri Sanjay Kumar Bhardwaj, aged about 48 years, B.E. (Mechanical), Karnataka University, and he has total experience of more than 24 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.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 Shri Sanjay Kumar Bhardwaj 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 proposing the candidature of Shri Sanjay Kumar Bhardwaj for the office the director of the Company.

The Company has received from Shri Sanjay Kumar Bhardwaj (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 Sanjay Kumar Bhardwaj as Director be regularized by their appointment as Director under Section 152 of the Companies Act, 2013 and he will be liable to retire by rotation.

No director, Key Managerial Personnel or their relatives, except Shri Sanjay Kumar Bhardwaj, 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.

Sh. Sanjay Kumar Bhardwaj holds directorship and membership/chairmanship of Committees in the following companies:

| S. No. | Name of companies                 | Directorship | Committee membership/ chairmanship                    |
|--------|-----------------------------------|--------------|---|
| 1.     | Lanco Hoskote Highway Limited     | Director     | Chairman of the Nomination and Remuneration Committee |
| 2.     | Bianca Properties Private Limited | Director     | N.A.  |

|    |                                   |                     |   |
|----|-----------------------------------|---------------------|---|
| 3. | Tethys Properties Private Limited | Director            | Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee |
| 4. | Thebe Properties Private Limited  | Additional Director | Member of the Nomination and Remuneration Committee.                                    |
| 5. | Lanco Devihalli Highways Limited  | Director            | Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee |
| 6. | Uranus Projects Private Limited   | Director            | —   |

**Item 5:**

The Board of Directors with the recommendation of NRC has appointed Ms. Disha Sethi as an Additional Director of the Company w.e.f. 19<sup>th</sup> July, 2019.

Ms. Disha Sethi, aged about 25 years, post graduate in law from Amity University, Noida, and she has total experience of more than 1 year in the legal field.

She does not hold any shares in the Company and is not related to the other Directors or Key Managerial Persons of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 Ms. Disha Sethi 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 proposing the candidature of Ms. Disha Sethi for the office the director of the Company.

The Company has received from Ms. Disha Sethi (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 Ms. Disha Sethi 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 Ms. Disha Sethi, 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.

Ms. Disha Sethi holds directorship and membership/chairmanship of Committees in the following companies:

| S. No. | Name of companies | Directorship | Committee chairmanship | membership/ |
|--------|-------------------|--------------|------------------------|-------------|
| 1.     |                   | NIL          |                        |             |

**Item 6:**

The principal business of the company is to carry on the business of power trading, with a motive of expansion and diversification, the company proposes to carry on some more set of activities along with the existing line of business as are mentioned in the attached resolution.

To enable the company to commence the aforesaid business, it is proposed to amend the Main Objects under the Objects Clause of the Memorandum of Association of the company, by addition of point 5 to the sub-clause (A) of Clause 3.

The proposed change of object clause requires the approval of shareholders through Special Resolution pursuant to the provisions of Section 13 of the Companies Act, 2013.

A copy of the proposed MOA of the Company would be available for inspection for the Members at the Registered Office/Corporate Office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. till the date of AGM. The aforesaid documents are also available for inspection at the AGM.

None of the Directors of the company or their relatives are concerned or interested in the passing of the above resolution.

The Board recommends the Special Resolution set forth in Item No. 6 of the Notice for approval of the Members.

**By Order of the Board of Directors.**

**FOR NATIONAL ENERGY TRADING AND SERVICES LIMITED**

  
Sanjay Kumar Bhardwaj

Director

DIN : 08180543



Place: Gurugram

Date: 03/09/2019

# 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

18<sup>th</sup> Annual General Meeting – September 27, 2019

|            |  |
|------------|--|
| 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**

**19<sup>th</sup> Annual General Meeting - September 27, 2019**

(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 19<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<sup>st</sup>, 2019. The consolidated performance of the Company and its subsidiaries has been referred to wherever required:

## 1. Performance – At a Glance

|     |                                    | (Rs. in Lacs) |             |              |             |
|-----|------------------------------------|---------------|-------------|--------------|-------------|
|     |                                    | Standalone    |             | Consolidated |             |
|     | PARTICULARS                        | F.Y. 2018-19  | F.Y 2017-18 | F.Y. 2018-19 | F.Y 2017-18 |
|     | Million Units traded               | 932.42        | 902.83      | 932.42       | 902.83      |
| I   | Sales (Net of Rebate) including OA | 22935.54      | 37349.03    | 22935.54     | 37349.03    |
| II  | Purchases (Net of Rebate)          | 22623.11      | 37010.58    | 22623.11     | 37010.57    |
| III | Income                             |               |             |              |             |
|     | a. Income from Operations (I - II) | 312.43        | 338.45      | 312.43       | 338.46      |
|     | b. Other Income                    | 204.24        | 322.92      | 204.24       | 322.98      |
|     | <b>TOTAL</b>                       | 516.67        | 661.37      | 516.67       | 661.44      |
| IV  | Expenses                           |               |             |              |             |
|     | a. Administrative Expenses         | 100.40        | 169.07      | 100.88       | 169.49      |
|     | b. Staff Cost                      | 231.93        | 325.94      | 231.93       | 349.77      |
|     | c. Interest and Financial Charges  | 1.93          | 85.09       | 1.93         | 85.08       |
|     | <b>TOTAL</b>                       | 334.26        | 580.10      | 334.74       | 604.34      |
| V   | Depreciation/Written-off           | 0.22          | 7.00        | 0.22         | 7.00        |
| VI  | Profit Before Exceptional Items &  | 182.19        | 74.27       | 181.71       | 50.10       |



|             | <b>Tax (III - IV - V)</b>                |          |          |          |          |
|-------------|--|----------|----------|----------|----------|
| <b>VII</b>  | <b>Exceptional Items</b>                 | (986.09) | 0        | (986.09) | 0        |
| <b>VIII</b> | <b>Profit/Loss Before Tax (VI+VII)</b>   | (803.90) | 74.27    | (804.38) | 50.10    |
| <b>IX</b>   | <b>Provision for Taxes</b>               | 125.88   | 18.36    | 125.88   | 18.36    |
| <b>X</b>    | <b>Profit after Tax ( VIII - IX)</b>     | (929.78) | 55.91    | (930.26) | 31.74    |
| <b>XI</b>   | <b>Other Comprehensive Income</b>        | (4.26)   | (9.40)   | (4.26)   | (9.40)   |
| <b>XII</b>  | <b>Total Comprehensive Income(X+ XI)</b> | (934.04) | 46.51    | (934.52) | 22.34    |
| <b>XIII</b> | <b>No. of Shares</b>                     | 36529400 | 36529400 | 36529400 | 36529400 |
| <b>XIV</b>  | <b>EPS (Annualised)-Rs.</b>              | (2.55)   | 0.15     | (2.55)   | 0.09     |

## 2. Dividend & Reserves

During the financial year the Company has incurred loss and due to which your directors do not recommend any dividend for the financial year 2018-19.

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

## 3. Operational Details (18-19)

### TRADED VOLUME

During the reporting year, your Company has traded 932.41 Million Units (MUs) of energy, against 902.83 MUs traded during the previous year.

### EXCHANGE TRADING PLATFORMS

Your Company, during the year traded power on power exchanges for an aggregate volume of 310.57 MUs with a Turnover of Rs. 120.64 Lakh.

### MAJOR SUPPLIERS

Lanco Anpara Power Ltd supplied the maximum quantum of 698.46 MUs, NSL Krishnaveni Sugars at 29.98 MUs.



## **MAJOR BUYERS**

On the other side Tamilnadu Generation and Distribution Corporation Ltd was the highest purchaser of power from Company at 621.84 MUs followed by NCL Industries at 68.90 MUs and Scan Energy & Power at 49.98 MUs respectively.

## **OPERATIONAL EFFICIENCY**

The bilateral volume of 621.84 MUs, was traded almost 100% through Firm contracts and there were no Banking transactions. The balance volume of 310.57 MUs was traded through Power Exchanges. Your Company gave an average price realization of Rs.3.51/kWh to its customers during the FY 2018-19, the highest being Rs.7.32/kWh and the lowest at Rs.2.25/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 April 2018 to March 2019 for volume of 310.57 MUs.

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

As on March 31<sup>st</sup>, 2019, the Company has one subsidiary i.e. Lanco Operation and Maintenance company Limited pursuant to section 2 (87) of the Companies Act, 2013

Report on the performance and financial position of the subsidiary has been provided in Form AOC-1 as Annexure-C.

#### **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, 2019, the paid up share capital of the Company and the Authorized capital were remain at Rs. 36,52,94,000/- and 100,00,00,000/- respectively.

## 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, following changes have been taken place:

| S.No | Name Of The Director/KMP               | Designation          | Date Of Appointment | Date Of Cessation |
|------|--|----------------------|---------------------|-------------------|
| 1.   | Trina Lakhmani                         | Director             | 24/07/2015          | 14/05/2018        |
| 2.   | Nagakrishna Satyanarayana Murty Tetali | Independent Director | 28/03/2015          | 30/04/2018        |
| 3.   | Kanikha Sukheeja                       | Director             | 16/04/2018          | -                 |
| 4.   | Naval Kishore                          | Whole Time Director  | 26/07/2018          | -                 |
| 5.   | Sh. Ramakrishna Bandaru Rao            | Independent Director | 28/03/2015          | 25/09/2018        |



|    |                         |                         |            |            |
|----|-------------------------|-------------------------|------------|------------|
| 6. | Niharendu Sanyal        | Director                | 12/11/2018 | -          |
| 7. | Veerendra Kumar Achanta | Company Secretary       | 05/10/2017 | 17/06/2018 |
| 8. | Anjali                  | Company Secretary       | 03/12/2018 | -          |
| 9. | Mr. Sunny Mehta         | Chief Financial Officer | 26/07/2018 | -          |

## 12. Independent Directors' Declaration

Since your Company is a Wholly Owned Subsidiary of Lanco Infratech Limited, it is exempted for appointment of Independent Directors under section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of directors) Rules, 2014.

## 13. Board of Directors & Meetings

During the financial year 2018-19 the Board of Directors met eight times on: 16/04/2018, 26/07/2018, 29/10/2018, 12/11/2018, 03/12/2018, 23/01/2019, 18/02/2019 and 29/03/2019.

The names of the Directors on the Board and 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 |
|--------|--|--|-------------------------|-----------------|
| 1.     | Mr. Chandrasekhar Reddy Mettipalle         | 8                                      | 8                       | 100             |
| 2.     | Mr. Nagakrishna Satyanarayana Murty Tetali | 1                                      | 1                       | 100             |
| 3.     | Ms Trina Lakhmani                          | 1                                      | 0                       | 0               |
| 4.     | Ms. Kanika Sukheeja                        | 7                                      | 3                       | 42.85           |
|        | Mr. Ramakrishna Bandaru Rao                | 2                                      | 2                       | 100             |
| 5.     | Sh. Naval Kishore                          | 6                                      | 6                       | 100             |
| 6.     | Sh. Niharendu Sanyal                       | 4                                      | 4                       | 100             |



## 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 2018-19 and the attendance are provided below.

### A. 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, 2019:

| S. No | Name of Director                   | Designation |
|-------|------------------------------------|-------------|
| 1     | Mr. Naval Kishore                  | Chairman    |
| 2     | Mr. Chandrasekhar Reddy Mettipalle | Member      |
| 3     | Mr. Niharendu Sanyal               | Member      |





The Audit Committee has met five times during the year under review on 16/04/2018, 26/07/2018, 29/10/2018, 23/01/2019 and 29/03/2019.

The details of Audit Committee meeting and its member's attendance during FY 2018-19 are given herein below:-

| S. No | Name of Director                           | Designation | No. of meetings held during the tenure | No. of meetings attended | % of attendance |
|-------|--|-------------|--|--------------------------|-----------------|
| 1     | Mr. Nagakrishna Satyanarayana Murty Tetali | Chairman    | 1                                      | 1                        | 100             |
| 2     | Mr. Chandrasekhar Reddy Mettipalle         | Member      | 5                                      | 4                        | 80              |
| 3     | Mr. Ramakrishna Bandaru Rao                | Member      | 2                                      | 2                        | 100             |
| 4     | Sh. Naval Kishore                          | Chairman    | 3                                      | 2                        | 66.67           |
| 5     | Sh. Niharendu Sanyal                       | Member      | 2                                      | 2                        | 100             |
| 6     | Ms. Kanika Sukheeja                        | Member      | 2                                      | 2                        | 100             |

## B. Nomination & Remuneration Committee

Terms of reference of Nomination and Remuneration Committee:

- (i) 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.
- (ii) 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.
- (iii) To develop and recommend to the Board for its approval on annual evaluation process for Independent Directors.
- (iv) To devise a Policy on Board diversity.
- (v) To consider and disclose information pertaining to Director/ Key Managerial Personnel, to Shareholders of the Company under the Companies Act, 2013 and
- (vi) 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, 2019:

| S. No | Name of Director                   | Designation |
|-------|------------------------------------|-------------|
| 1     | Mr. Chandrasekhar Reddy Mettipalle | Chairman    |
| 2     | Mr. Naval Kishore                  | Member      |
| 3     | Mr. Niharendu Sanyal               | Member      |

The Nomination & Remuneration Committee met five times during the year under review on review on 16/04/2018, 26/07/2018, 12/11/2018, 03/12/2018 and 29/03/2019.

The details of Committee meeting and its member's attendance during FY 2018-19 are given herein below:-

| S. No | Name of Director                           | Category | No. of meeting held during the tenure | No. of meetings attended | % of attendance |
|-------|--|----------|---------------------------------------|--------------------------|-----------------|
| 1     | Mr. Ramakrishna Bandaru Rao                | Chairman | 2                                     | 2                        | 100%            |
| 2     | Mr. Chandrasekhar Reddy Mettipalle         | Chairman | 5                                     | 5                        | 100%            |
| 3     | Mr. Nagakrishna Satyanarayana Murty Tetali | Member   | 1                                     | 1                        | 100%            |
| 3.    | Ms. Kanika Sukheeja                        | Member   | 2                                     | 2                        | 100%            |
| 4.    | Mr. Naval Kishore                          | Member   | 3                                     | 3                        | 100%            |
| 5.    | Mr. Niharendu Sanyal                       | Member   | 2                                     | 2                        | 100%            |

### **C. 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:

- (i) To prepare the CSR Policy and to recommend the Board for its approval;
- (ii) To recommend the CSR activities to be undertaken by the Company as prescribed under Schedule VII of the Companies Act, 2013;



- (iii) 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;
- (iv) To ensure that the activities as are included in CSR Policy of the Company are implemented by the Company with a transparent monitoring mechanism;
- (v) To report periodically on the CSR activities of the Company to the Board and in the Board's report;
- (vi) To seek expert advice on CSR activities of the Company that may be appropriate to discharge its responsibilities; and
- (vii) 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, 2019:

| S. No | Name of Director                   | Designation |
|-------|------------------------------------|-------------|
| 1     | Mr. Naval Kishore                  | Chairman    |
| 2     | Mr. Chandrasekhar Reddy Mettipalle | Member      |
| 3     | Mr. Niharendu Sanyal               | Member      |

The Corporate Social Responsibility Committee met once during the year under review on 16<sup>th</sup> April 2018.

The Corporate Social Responsibility Committee was reconstituted by the Board Meeting held on 12<sup>th</sup> of November 2018.

The details of CSR Committee meeting and its member's attendance during FY 2018-19 are given herein below:-

| S. No | Name of Director                            | Category | No. of meeting held during the tenure | No. of meetings attended | % of attendance |
|-------|---|----------|---------------------------------------|--------------------------|-----------------|
| 1     | Mr. Chandrasekhar Reddy Mettipalle          | Chairman | 1                                     | 1                        | 100%            |
| 2     | Mr. Ramakrishna Bandaru Rao                 | Member   | 1                                     | 1                        | 100%            |
| 3     | *Mr. Nagakrishna Satyanarayana Murty Tetali | Member   | 1                                     | 1                        | 100%            |

\*Mr. Nagakrishna Satyanarayana Murty Tetali resigned from the Board on 30<sup>th</sup> April, 2018



## 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 17th AGM held on September 27, 2017, for a period of five years i.e. till the conclusion of 22nd AGM, the auditors shall hold office from 2017-18 to 2021-22.

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 Reports for the Standalone Statement and Consolidated financial statement for the financial year ended March 31, 2019 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 2018-19 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, 2019 is enclosed as "Annexure-B" and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks except the following:

*"The Company availed Bank Guarantee facilities to Rs. 96.30 Lakhs and Rs. 73.60 Lakhs from Yes Bank Limited against the security of its fixed deposits. The company did not file e-forms MGT - 14 and CHG - 1 Registrar of Companies in respect of the above two transactions."*

### Management's Reply:

As regards to non-filing of e-forms CHG -1 and MGT -14 with ROC for creation of Charge on fixed deposit of Company, the management would like to state that the amount of Rs. 96.30 Lakhs and Rs. 73.60 Lakhs was availed as Bank Guarantee facilities from Yes Bank Limited. The said Bank Guarantees were availed to file tender; since the company did not receive the tender, the said facilities were surrendered to the bank within 15 days of availing the said facilities.



The e-form CHG -1 was required to be filed within 30 days of creation of charge whereas e-form MGT 14 is required to be filed within 30 days of passing of resolutions. Since the facilities were surrendered within the period of 15 days, the said forms were not filed. The Board will ensure to take necessary steps to comply the provisions of the Act in future.

### 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 un-audited/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.

| S.No | Name & Designation            | Remuneration received (CTC per annum) (Amt. in Rs.) | Qualification & Experience | Date of Commencement of employment | Age (Yrs.) | Particulars of last employment held |
|------|-------------------------------|---|----------------------------|------------------------------------|------------|-------------------------------------|
| 1.   | Naval Kishore, Vice President | 38,20,994   | B.Com, C.A., ICWA (Inter)  | 17-Jun-11                          | 58         | Monnet Ispat and Energy Limited     |
| 2.   | Priya Ranjan Jha, General     | 32,86,996   | MA (English)               | 1-Sep-16                           | 47         | Isolux Corsan                       |



|    |                                  |           |   |           |    |   |
|----|----------------------------------|-----------|---|-----------|----|---|
|    | Manager                          |           | 1995, PG Diploma (Advt. & PR) 1997, MBA (Marketing)                                 |           |    | Engineering and Consultants Private Limited |
| 3. | Wasim Ahmed, AGM                 | 26,62,246 | B.Tech-Elec (2004)  | 19-Apr-07 | 38 | AKP Automation Pvt Ltd.                     |
| 4  | Shweta Mehrotra, Manager         | 10,60,093 | MA (Economics) 2003   | 28-Jun-06 | 39 | Lanco Infratech Limited                     |
| 5  | Renu Sharma, Assistant Manager   | 10,19,150 | M.Sc ( Maths ) 2000 , B.Sc ( Maths ) 1998 , No final certificate ( Computers ) 2001 | 19-Mar-15 | 41 | -   |
| 6  | Sunny Mehta, Deputy Manager      | 10,19,147 | B.Com'2004, CA'2010   | 4-Jan-16  | 35 | M/s Brahmayya & Co.                         |
| 7  | Ravinder Rana, Asst. Manager     | 9,78,178  | MBA (Power Management)  | 8-Sep-16  | 32 | GMR Trading Limited                         |
| 8  | Pavan Kumar Basam, Asst. Manager | 8,22,881  | B.Tech-Mech (2009)  | 31-May-10 | 31 | First Employment                            |
| 9  | Sudarshan Singh, Asst. Manager   | 7,91,339  | 12th 2005, BA 2013  | 16-Dec-06 | 38 | Lanco Infratech Limited                     |
| 10 | Ashish Raju, Sr. Executive       | 7,08,500  | B.Tech. 2010 (Electronics & communication)  | 2-May-11  | 31 | -   |



**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-D" 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**

The Company does not meet any of the criteria given under section 135 of the Companies Act 2013 during the Financial Years 2017-2018, 2016-2017 and 2016-2015, hence as per Companies (Corporate Social Responsibility) Rules 2014 the provisions of sub section (2) to (5) of Section 135 is not attracted.

Therefore Annual Report on CSR activities is not required to be attached with 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 2018-19, 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, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report except the following:

The Hon'ble National Company Law Tribunal ("NCLT"), Hyderabad Bench passed Liquidation Order against Lanco Infratech Limited the Holding Company on August 27, 2018 and directed to initiate liquidation process as envisaged under Chapter-III of IBC, 2016 by following the liquidation process as stated in IBBI (Liquidation Process) Regulations, 2016.

### **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 FY 18-19:

- 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, 2019, 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, 2019 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) the directors, in the case of a listed company, had 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.



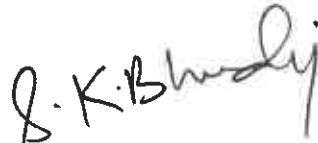
Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels.

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**



**Niharendu Sanyal**  
**Director**  
**DIN: 08178498**



**Sanjay Kumar Bhardwaj**  
**Director**  
**DIN: 08180543**



**Place: Gurugram**  
**Date: 03.09.2019**

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON FINANCIAL YEAR ENDED ON 31.03.2019**  
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<br>Phone: +91-40-40090400, Fax: +91-40-23116127   |
| vi      | Whether listed company  | No  |
| vi<br>i | Name, Address & contact details of the Registrar & Transfer Agent | M/s Aarthi Consultants Private Limited<br>1-2-285, Domalguda, Hyderabad-500029, Telangana<br>Phone: +91-40-2763 8111, 2763 4445,<br>Fax: +91-40-27632184<br>E-Mail: info@arthiconsultants.com<br>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                       | -                                | 100%                               |



### 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     | <b>Lanco Infratech Limited</b><br>Plot No.4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500081, Telangana                  | L45200TG1993PLC015545 | Holding                        | 100.00           | 2(46)              |
| 2     | <b>Lanco Operation and Maintenance company,</b><br>Plot No.4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500081, Telangana | U40300TG2009PLC065597 | Subsidiary                     | 100.00           | 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 01.04.2018) |          |       |                   | No. of Shares held at the end of the year (As on 31.03.2019) |          |       |                   | % Change during the year |
|---------------------------|--|----------|-------|-------------------|--|----------|-------|-------------------|--------------------------|
|                           | Demat  | Physical | Total | % of Total Shares | Demat  | Physical | Total | % of Total Shares |                          |
| <b>A. Promoter</b>        |  |          |       |                   |  |          |       |                   |                          |
| <b>1) Indian</b>          |  |          |       |                   |  |          |       |                   |                          |
| <b>a) Individual/ HUF</b> | -  | -        | -     | -                 | -  | -        | -     | -                 | -                        |



|  |                      |          |                      |            |                      |          |                      |            |          |
|--|----------------------|----------|----------------------|------------|----------------------|----------|----------------------|------------|----------|
| b) Central/State Govt.                                   | -                    | -        | -                    | -          | -                    | -        | -                    | -          | -        |
| c) Bodies Corp   | 365289<br>50         | -        | 365289<br>50         | 100        | 365289<br>50         | -        | 365289<br>50         | 100        | -        |
| d) Banks / FI  | -                    | -        | -                    | -          | -                    | -        | -                    | -          | -        |
| e) Any Other   | -                    | -        | -                    | -          | -                    | -        | -                    | -          | -        |
| Sub-total(A)(1):-  | 365289<br>50         | -        | 365289<br>50         | 100        | 365289<br>50         | -        | 365289<br>50         | 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>365289<br/>50</b> | <b>-</b> | <b>365289<br/>50</b> | <b>100</b> | <b>365289<br/>50</b> | <b>-</b> | <b>365289<br/>50</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) FIIs  | -                    | -        | -                    | -          | -                    | -        | -                    | -          | -        |
| g) Foreign Venture Capital                               | -                    | -        | -                    | -          | -                    | -        | -                    | -          | -        |



|  |                      |            |                      |             |                      |            |                      |             |          |
|--|----------------------|------------|----------------------|-------------|----------------------|------------|----------------------|-------------|----------|
| Funds  |                      |            |                      |             |                      |            |                      |             |          |
| h) Others<br>(specify)   | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| <b>Sub-total(B)(1)</b>   | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| <b>2. Non<br/>Institutions</b>   |                      |            |                      |             |                      |            |                      |             |          |
| a) Bodies Corp.  | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| (i) Indian   |                      |            |                      |             |                      |            |                      |             |          |
| (ii) Overseas  |                      |            |                      |             |                      |            |                      |             |          |
| b) Individuals   |                      |            |                      |             |                      |            |                      |             |          |
| (i) Individual<br>shareholders<br>holding<br>nominal share<br>capital up to<br>Rs. 1 lakh            | -                    | 450        | 450                  | 0.00        | -                    | 450        | 450                  | 0.00        | -        |
| (ii) Individual<br>shareholders<br>holding<br>nominal share<br>capital in<br>excess of Rs. 1<br>lakh | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| c) Others (Speci<br>fy)  | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| <b>Sub-total(B)(2)</b>   | -                    | <b>450</b> | <b>450</b>           | <b>0.00</b> | -                    | <b>450</b> | <b>450</b>           | <b>0.00</b> | -        |
| Total Public<br>shareholding<br>(B)=(B)(1)+<br>(B)(2)  | -                    | <b>450</b> | <b>450</b>           | <b>0.00</b> | -                    | <b>450</b> | <b>450</b>           | <b>0.00</b> | -        |
| C. Shares held<br>by Custodian<br>for GDRs &<br>ADRs   | -                    | -          | -                    | -           | -                    | -          | -                    | -           | -        |
| <b>Grand Total<br/>(A+B+C)</b>   | <b>365289<br/>50</b> | <b>450</b> | <b>365294<br/>00</b> | <b>100</b>  | <b>365289<br/>50</b> | <b>450</b> | <b>365294<br/>00</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 01.04.2018) |                                  |   | Shareholding at the end of the year (As on 31.03.2019) |                                  |  | % 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 | 36528950   | 100.00                           | NIL   | 36528950   | 100.00                           | NIL  | 0.00%                                    |
|        | <b>Total</b>            | <b>36528950</b>  | <b>100.00</b>                    |   | <b>36528950</b>  | <b>100.00</b>                    |  | <b>0.00%</b>                             |

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

| 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   | 36528950                                  | 100.00%                          | 36528950                                | 100.00%                          |
| 2       | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -                                | -                                       | -                                |
| 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><br>At the beginning of the year   | 100                                 | 0.00                             | 100                                     | 0.00                             |
|        | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -                                   | -                                | -                                       | -                                |
|        | At the end of the year   | 100                                 | 0.00                             | 100                                     | 0.00                             |
| 2      | <b>L Madhusudhan Rao</b><br>At the beginning of the year   | 100                                 | 0.00                             | 100                                     | 0.00                             |
|        | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -                                   | -                                | -                                       | -                                |
|        | At the end of the year   | 100                                 | 0.00                             | 100                                     | 0.00                             |
| 3      | <b>L Sridhar</b><br>At the beginning of the year   | 100                                 | 0.00                             | 100                                     | 0.00                             |
|        | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -                                   | -                                | -                                       | -                                |



|          |  |     |      |     |      |
|----------|--|-----|------|-----|------|
|          | At the end of the year   | 100 | 0.00 | 100 | 0.00 |
| <b>4</b> | <b>G Bhaskara Rao</b>  |     |      |     |      |
|          | At the beginning of the year   | 100 | 0.00 | 100 | 0.00 |
|          | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -    | -   | -    |
|          | 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   | 25  | 0.00 | 25  | 0.00 |
|          | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -    | -   | -    |
|          | At the end of the year   | 25  | 0.00 | 25  | 0.00 |
| <b>6</b> | <b>G Padmavathi</b>  |     |      |     |      |
|          | At the beginning of the year   | 25  | 0.00 | 25  | 0.00 |
|          | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -    | -   | -    |
|          | 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>   | No. of shares  | % of total shares of the company |
|        | 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 |                                  |                 |          |                    |
| <b>i) Principal Amount</b>                          |                                  |                 |          |                    |
| <b>ii) Interest due but not paid</b>                |                                  |                 |          |                    |
| <b>iii) Interest accrued but not due</b>            |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             |                                  |                 |          |                    |
| Change in Indebtedness during the financial year    |                                  |                 |          |                    |
| - Addition  |                                  |                 |          |                    |
| - Reduction   |                                  |                 |          |                    |
| <b>Net Change</b>                                   |                                  |                 |          |                    |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| <b>i) Principal Amount</b>                          |                                  |                 |          |                    |
| <b>ii) Interest due but not paid</b>                |                                  |                 |          |                    |
| <b>iii) Interest accrued but not due</b>            |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</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 Naval Kishore | Total Amount |
|---------|---|--------------------|--------------|
| 1.      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 38,20,994          | NIL          |
| 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<br>- as % of profit<br>- others, specify   | -                  | -            |
| 7.      | Others, please specify  | -                  | -            |
| 8.      | Total(A)  | 38,20,994          | -            |

**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 |
|------------------------------------|---|------------|--------|-------|
| Sh. Chandrashekhar Reddy Metipalle | -   | -          | -      | -     |
| Ms. Kanika Sukheeja                | -   | -          | -      | -     |
| Mr. Niharendu Sanyal               | -   | -          | -      | -     |
| Total(2)                           | -   | -          | -      | -     |
| <b>Total(1+2)</b>                  | -   | -          | -      | -     |
| Ceiling as per the Act             |   |            |        |       |

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

| Sl. no. | Particulars of Remuneration   | Key Managerial Personnel     |                                |   |  |                    |
|---------|---|------------------------------|--------------------------------|---|--|--------------------|
|         |   | #Sunny Mehta-CFO<br>(Annual) | *Naval Kishore CFO<br>(Annual) | - #Anjali-Company Secretary<br>(Annual) | *Veerendra Kumar Achanta-Company Secretary<br>(Annual) | #Total<br>(Annual) |
| 1.      | Gross salary  |                              |                                |   |  |                    |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 11,10,869.76                 | 41,37,084                      | 4,50,000                                | 49,99,999.92   | 15,60,869.76       |
|         | (b) Value of perquisites u/s  | -                            | -                              | -                                       | -  | -                  |

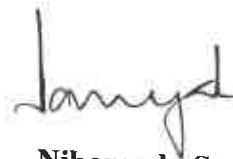



|    |   |              |           |          |              |              |
|----|---|--------------|-----------|----------|--------------|--------------|
|    | 17(2) of the Income-tax Act, 1961   |              |           |          |              |              |
|    | (c) Profits in lieu of 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>  | 11,10,869.76 | 41,37,084 | 4,50,000 | 49,99,999.92 | 15,60,869.76 |

**#Appointment** – Mr. Sunny Mehta was appointed on 26<sup>th</sup> July 2018 as CFO and Ms. Anjali Bali was appointed as Company Secretary on 3<sup>rd</sup> December 2018.

**\*Resignation** – Mr. Naval Kishore resigned as CFO on 26<sup>th</sup> July 2018 and Mr. Veerendra Kumar Achanta resigned as Company Secretary on 17<sup>th</sup> June 2018.

For and on behalf of the Board of Directors

  
**Niharendu Sanyal**  
 Director  
 DIN: 08178498

  
**Sanjay Kumar Bhardwaj**  
 Director  
 DIN: 08180543



Place: Gurugram  
 Date: 03.09.2019



**GRNK & ASSOCIATES**  
COMPANY SECRETARIES

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**  
*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies*  
*(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,  
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 2019 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;



- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) 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, 1872
- (x) The Indian Stamp Act, 1899
- (xi) Minimum Wages Act, 1948
- (xii) Negotiable Instruments Act, 1881
- (xiii) Payment of Bonus Act, 1965
- (xiv) Payment of Wages Act, 1936 and other applicable laws

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**

1. The Whole-time director of the Company resigned on 24<sup>th</sup> July, 2019. We are informed that the company is taking steps to appoint a whole-time director within the time stipulated under the provisions of section 203 of the Companies Act, 2013.
2. The company being a wholly owned subsidiary of M/s. Lanco Infratech Limited is exempted from appointing Independent Directors, in view of the provisions of section 149 (4) of the Companies Act, 2013 read with the Rule 4 (2) (b) of the Companies (Appointment and Qualifications of Directors) Rules, 2014. Hence, the company did not appoint new Independent Directors consequent to resignations of existing Independent Directors.
3. Due to technical difficulties, the Company could not file e-form DIR 12 for the resolutions passed at the Annual General Meeting of the Company held on 21<sup>st</sup> September, 2018 relating to regularisation as Director and appointment as Whole-time Director of Mr. Kishore Naval (DIN: 08183351).
4. We relied upon the certificate issued by the company confirming that the transactions of sale/purchase entered into by the company with related parties during the financial year 2018-2019, are in the ordinary course of business and at arms' length basis.
5. *The company availed Bank Guarantee facilities amounting to Rs. 96.30 Lakhs and Rs. 73.60 Lakhs from Yes Bank Limited against the security of its fixed deposits. The company did not file e-forms MGT-14 and CHG-1 with Registrar of Companies in respect of the above two transactions.*

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except 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.

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 ~~M/s.~~ **GRNK & ASSOCIATES**  
Company Secretaries



*[Handwritten Signature]*  
**NKUMAR**  
Partner

ACS No.9419 CoP No.18013

**Date:** 3<sup>rd</sup> September, 2019

**Place:** Chennai

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

**ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE**

To,

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

For M/s. GRNK & ASSOCIATES  
Company Secretaries



*[Handwritten Signature]*  
**NKUMAR**  
Partner

\* ACS No.9419 CoP. No.18013

Date: 3<sup>rd</sup> September, 2019

Place: Chennai


## FORM NO. AOC-1

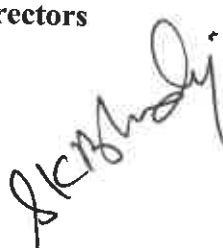
Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Part "A": Subsidiaries  
(Information in respect of each subsidiary to be presented with amounts in Rs)

| S.No | Particulars   | Details  |
|------|---|--|
| 1.   | Sl. No.   | 1  |
| 2.   | Name of the subsidiary  | <b>Lanco Operation and Maintenance Company Limited</b> |
| 3.   | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 2018-19  |
| 4.   | Share capital   | 50,05,000  |
| 5.   | Reserves & surplus  | (59,75,129)  |
| 6.   | Total assets  | 54,43,589  |
| 7.   | Total Liabilities   | 9,31,831   |
| 8.   | Investments   | -  |
| 9.   | Turnover  | -  |
| 10.  | Profit/Loss before taxation   | (49,328)   |
| 11.  | Provision for taxation  | -  |
| 12.  | Profit after taxation   | (49,328)   |
| 13.  | Proposed Dividend   | -  |
| 14.  | % of shareholding   | 100%   |

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

On behalf of the Board of Directors

  
Niharendu Sanyal  
Director  
DIN: 08178498

  
Sanjay Kumar Bhardwaj  
Director  
DIN: 08180543



Place: Gurugram  
Date: 03.09.2019

**Part "B": Associates and Joint Ventures**

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

|  |  |
|--|--|
| Name of Associates/Joint Ventures  |  |
| 1. Latest audited Balance Sheet  |  |
| 2. Shares of Associate/Joint Ventures held by the company on the year end    |  |
| No.  |  |
| Amount of Investment in Associates/Joint Venture                             |  |
| Extent of Holding %  |  |
| 3. Description of how there is significant influence                         |  |
| 4. Reason why the associate/joint venture is not consolidated                |  |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet |  |
| 6. Profit / Loss for the year  |  |
| i. Considered in consolidation   |  |
| ii. Not considered in Consolidation  |  |

*NA*

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

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

*Niharendu Sanyal*  
**Niharendu Sanyal**  
 Director  
 DIN: 08178498

*Sanjay Kumar Bhardwaj*  
**Sanjay Kumar Bhardwaj**  
 Director  
 DIN: 08180543



**Place: Gurugram**  
**Date: 03.09.2019**

### **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 will serve 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**

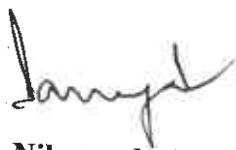
The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

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.

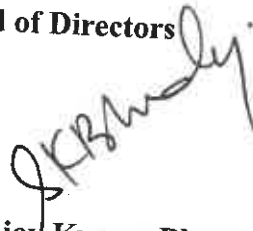
### **8.0 DISCLOSURE:**

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**



**Niharendu Sanyal**  
Director  
DIN: 08178498



**Sanjay Kumar Bhardwaj**  
Director  
DIN: 08180543



**Place: Gurugram**  
**Date: 03.09.2019**

## 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, mehandi 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**



**Niharendu Sanyal**  
Director  
DIN: 08178498



**Sanjay Kumar Bhardwaj**  
Director  
DIN: 08180543



**Place: Gurugram**  
**Date: 03.09.2019**

**INDEPENDENT AUDITOR'S REPORT****To the Members of National Energy Trading and Services Limited****Report on the Audit of the Financial Statements****Qualified Opinion**

We have audited the financial statements of **National Energy Trading and Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2019 and its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- i. Attention is invited to Note 40 to the Ind AS financial statements, which explain the uncertainties relating to recoverability of carrying value of investment of Rs. 9,961.76 Lakhs in **Lanco Solar Energy Private Limited** (LSEPL- a fellow subsidiary of the Company). LSEPL is under Corporate Insolvency Resolution Process ("CIRP") as per National Company Law Tribunal (NCLT) Order dated 14.06.2019 and the Interim Resolution professional ("IRP") / Resolution professional ("RP") is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditor ("CoC") and the NCLT. The CIRP is in process. Pending outcome of resolution process, we are unable to comment on the adjustments if any that may be required towards the carrying value of the Company's investment in LSEPL amounting to Rs. 9,961.76 Lakhs as at March 31, 2019 in the accompanying financial statements.
- ii. Attention is invited to Note 39 to the Ind AS financial statements, relating to recoverability of carrying value of unsecured loan and interest accrued on the loan aggregating to value of Rs 1086.30 Lakhs made to one of the Fellow Subsidiary of the company Lanco Power Limited (LPL).  
LPL has made investments and advances in its group companies, some of the group companies are under IBC process and also the parent company Lanco Infratech Limited (LITL) of LPL is under liquidation process, accordingly recoverability of the same would dependent on the outcome of resolution process , due to the stated uncertainties we are unable to comment on the



Impairment loss under Ind AS 109 to be accounted for in this regard & its consequent effect on the Ind AS financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other information is not available to us at the date of this auditor's report. We have nothing to report in this regard.

### Management's Responsibility for the Financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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

## **Auditor's Responsibilities for the Audit of the Financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) Except for the matters described in the basis for qualified opinion paragraph, 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) Except for the effects, if any, of the matters described in the basis for qualified opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d) Except for the possible effects of the matters described in the basis for qualified opinion paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rules issued therein.
  - e) The matter described under the basis for qualified opinion paragraph above, may have an adverse effect on functioning of the Company.
  - f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 32 to 34 to the financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in the paragraph 3 and 4 of the order.

Place: Gurugram  
Date: June 24, 2019

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn. No.:0005

*N. Venkata Suneel*

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



The **Annexure A**, referred to in Clause 1 (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, 2019

## **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, 2019 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls 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 31st March 2019, 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: June 24, 2019

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn. No.: 00151/S

*N. Venkata Suneel*

N. Venkata Suneel  
Partner  
Membership No. 223688



The “Annexure B” Referred to in Clause 2 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, 2019.

- 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, the title deeds of immovable properties are held in the name of 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, 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. According to the information and explanation given to us, 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 generally regular in depositing the undisputed statutory dues including provident fund, employee’s state insurance, income tax, goods and service tax, cess, and other statutory dues with the appropriate authorities though there have been delay in some instances.



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, goods and service 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 goods and service tax or cess have not been deposited on account of any dispute.
- viii. The Company does not have any loans or borrowings from any financial institutions, banks, government or has not issued any debentures during the year. Accordingly, the provision of clause (viii) of paragraph 3 of the order is not applicable.
- ix. Based on the information and explanation given to us by the management, The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- 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 Company has paid/ provided managerial remuneration as per the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, provision of clause (xii) of the 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, provision of clause (xv) of the paragraph 3 of the Order is not applicable.



- xvi. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934, therefore, the provision of clause (xvi) of the paragraph 3 of the Order is not applicable.

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn. No.: 0005115

*N. Venkata Suneel*

**N. Venkata Suneel**  
Partner

Membership No. 223688



Place: Gurugram  
Date: June 24, 2019

National Energy Trading and Services Limited  
Balance Sheet as at March 31, 2019

| Particulars                          | Note No. | Rs. Lakhs            |                      |
|--------------------------------------|----------|----------------------|----------------------|
|                                      |          | As at March 31, 2019 | As at March 31, 2018 |
| <b>I ASSETS</b>                      |          |                      |                      |
| <b>(1) Non Current Assets</b>        |          |                      |                      |
| (a) Property, Plant and Equipment    | 3        | 3.76                 | 3.92                 |
| (b) Other Intangible assets          | 4        | -                    | -                    |
| <b>(c) Financial Assets</b>          |          |                      |                      |
| (i) Investments                      | 5        | 10,011.81            | 11,040.75            |
| (ii) Loans                           | 7        | 65.00                | 65.35                |
| <b>Total Financial Asset</b>         |          | <b>10,076.81</b>     | <b>11,106.10</b>     |
| (d) Deferred tax assets (net)        | 17       | -                    | 61.86                |
| <b>Total Non Current Assets</b>      |          | <b>10,080.57</b>     | <b>11,171.88</b>     |
| <b>(2) Current assets</b>            |          |                      |                      |
| <b>(a) Financial Assets</b>          |          |                      |                      |
| (i) Trade receivables                | 6        | 4,375.21             | 860.51               |
| (ii) Unbilled receivables            |          | 27.73                | 219.05               |
| (iii) Loans                          | 7        | 4,323.08             | 1,306.72             |
| (iv) Cash and cash equivalents       | 10       | 409.84               | 530.32               |
| (v) Bank balances                    | 11       | 838.99               | 756.81               |
| (vi) Other financial assets          | 8        | 114.22               | 57.11                |
| <b>Total Financial Asset</b>         |          | <b>10,069.07</b>     | <b>3,730.52</b>      |
| (b) Current tax assets (Net)         | 12       | 0.03                 | 59.48                |
| (c) Other current assets             | 9        | 51.08                | 56.83                |
| <b>Total Current Assets</b>          |          | <b>10,179.18</b>     | <b>3,846.83</b>      |
| <b>Total Assets</b>                  |          | <b>20,259.75</b>     | <b>15,018.71</b>     |
| <b>II EQUITY AND LIABILITIES</b>     |          |                      |                      |
| <b>A EQUITY</b>                      |          |                      |                      |
| (a) Equity Share Capital             | 13       | 3,852.94             | 3,852.94             |
| (b) Other Equity                     |          | 4,479.13             | 5,413.17             |
| <b>Total Equity</b>                  |          | <b>8,132.07</b>      | <b>9,066.11</b>      |
| <b>B LIABILITIES</b>                 |          |                      |                      |
| <b>(1) Non Current Liabilities</b>   |          |                      |                      |
| (a) Financial Liabilities            |          | -                    | -                    |
| (b) Provisions                       | 16       | 35.48                | 62.40                |
| <b>Total Non Current Liabilities</b> |          | <b>35.48</b>         | <b>62.40</b>         |
| <b>(2) Current Liabilities</b>       |          |                      |                      |
| <b>(a) Financial Liabilities</b>     |          |                      |                      |
| (i) Trade payables (other than MSME) | 14       | 8,504.56             | 4,832.38             |
| (ii) Other financial liabilities     | 15       | 3,390.54             | 242.50               |
| <b>Total Financial Liabilities</b>   |          | <b>11,895.10</b>     | <b>5,074.88</b>      |
| (b) Other current liabilities        | 18       | 158.72               | 796.78               |
| (c) Provisions                       | 16       | 9.03                 | 18.54                |
| (d) Current tax liabilities (Net)    | 19       | 29.35                | -                    |
| <b>Total Current Liabilities</b>     |          | <b>12,092.20</b>     | <b>5,890.20</b>      |
| <b>Total Equity and Liabilities</b>  |          | <b>20,259.75</b>     | <b>15,018.71</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. 000511S

N. Venkata Suneel  
Partner  
Membership No. 223



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

Naval Kishore  
Whole Time Director  
DIN - 08183351

Sunny Mehta  
Chief Financial Officer

Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



National Energy Trading and Services Limited  
Statement of Profit and Loss for the year ended March 31, 2019

Rs. Lakhs

| Particulars  | Note No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|----------|-----------------------------------|-----------------------------------|
| I Revenue from Operations  | 20       | 22,935.54                         | 37,349.03                         |
| II Other Income  | 21       | 204.24                            | 322.92                            |
| <b>III Total Income (I + II)</b>   |          | <b>23,139.78</b>                  | <b>37,671.95</b>                  |
| <b>IV EXPENSES</b>   |          |                                   |                                   |
| Purchase of stock-in-trade   | 22       | 22,623.11                         | 37,010.58                         |
| Employee benefits expenses   | 23       | 231.93                            | 325.94                            |
| Finance cost   | 24       | 1.93                              | 85.09                             |
| Depreciation and Amortization expense  | 25       | 0.22                              | 7.00                              |
| Other expenses   | 26       | 100.40                            | 169.07                            |
| <b>Total Expenses (IV)</b>   |          | <b>22,957.59</b>                  | <b>37,597.68</b>                  |
| <b>V Profit / (Loss) before Exceptional Items and Tax (III - IV)</b>             |          | <b>182.19</b>                     | <b>74.27</b>                      |
| VI Exceptional Items   | 28       | (986.09)                          | -                                 |
| <b>VII Profit / (Loss) before Tax (V - VI)</b>                                   |          | <b>(803.90)</b>                   | <b>74.27</b>                      |
| <b>VIII Tax Expense</b>  |          |                                   |                                   |
| Current tax / Minimum alternate tax (MAT) payable                                |          | 64.02                             | 26.95                             |
| Deferred tax   |          | 61.86                             | (8.59)                            |
| <b>Total Tax Expense (VIII)</b>  |          | <b>125.88</b>                     | <b>18.36</b>                      |
| <b>IX Profit / (Loss) for the period from Continuing operations (VII - VIII)</b> |          | <b>(929.78)</b>                   | <b>55.91</b>                      |
| <b>X Other Comprehensive Income</b>  | 27       |                                   |                                   |
| (i) Items that will not be reclassified to profit and loss                       |          | 4.26                              | (9.40)                            |
| <b>XI Total Comprehensive Income for the period (IX + X)</b>                     |          | <b>(934.04)</b>                   | <b>46.51</b>                      |
| <b>XII Earnings Per Equity Share</b>   | 29       |                                   |                                   |
| Basic (Rs.)  |          | (2.55)                            | 0.15                              |
| Diluted (Rs.)  |          | (2.55)                            | 0.15                              |

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. 0005115

N. Venkata Suneel  
Partner  
Membership No. 223688



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

Naval Kishore  
Whole Time Director  
DIN - 08183351

Sunny Mehta  
Chief Financial Officer

Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



National Energy Trading and Services Limited  
Cash Flow Statement for the year ended March 31, 2019

|   | Rs. Lakhs                            |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended March<br>31, 2019 | For the year ended March<br>31, 2018 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                      |                                      |
| Profit / (Loss) before Tax  | (803.89)                             | 74.27                                |
| Adjustments for:  |                                      |                                      |
| Depreciation and Amortization   | 0.22                                 | 7.00                                 |
| (Profit) / Loss on Sale of PPE, Intangible Assets   | -                                    | (0.01)                               |
| Net (gain)/loss recorded in profit or loss on financial assets measured or designated as at fair value through profit or loss         | 655.59                               | -                                    |
| Liabilities and Provisions no longer required written back  | (734.25)                             | (52.60)                              |
| Investment Impaired   | 1,065.00                             | -                                    |
| Interest Income   | (188.29)                             | (240.56)                             |
| Dividend Income   | (10.68)                              | (17.45)                              |
| Interest Expenses   | 1.93                                 | 85.08                                |
| <b>Cash Generated Before Working Capital Changes</b>  | <b>(14.37)</b>                       | <b>(144.27)</b>                      |
| <b>Movement In Working Capital</b>  |                                      |                                      |
| Increase / (Decrease) in Trade Payables   | 4,406.42                             | (6,630.14)                           |
| Increase / (Decrease) in Provisions   | (40.69)                              | 20.88                                |
| Increase / (Decrease) in Other Financial Liabilities  | 3,148.04                             | 193.55                               |
| Increase / (Decrease) in Other Liabilities  | (638.06)                             | (93.56)                              |
| (Increase) / Decrease in Trade Receivables/Unbilled Receivable  | (3,976.97)                           | 6,534.39                             |
| (Increase) / Decrease in Other Financial Assets   | (3,015.79)                           | (545.62)                             |
| (Increase) / Decrease in Other Assets   | 5.74                                 | 40.81                                |
| <b>Cash Generated From Operations</b>   | <b>(127.68)</b>                      | <b>(624.16)</b>                      |
| Direct Taxes Paid   | (14.22)                              | 12.45                                |
| <b>Net Cash Flow From / (Used In) Operating Activities</b>  | <b>(141.90)</b>                      | <b>(611.71)</b>                      |
| <b>B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>   |                                      |                                      |
| Proceeds from Sale of PPE, Intangible Assets  | (0.05)                               | 0.01                                 |
| Purchase of Non Current Investments - Fellow Subsidiaries   | (36.00)                              | (879.28)                             |
| Purchase of Non Current Investments - Subsidiaries  | (0.06)                               | (49.99)                              |
| Maturities / (Purchase) of FDs/MMDs (Net)   | (82.18)                              | 14.28                                |
| Dividend Income received  | 10.68                                | 17.45                                |
| Interest Income Received  | 130.96                               | 1,096.14                             |
| <b>Net Cash Flow From / (Used in) Investing Activities</b>  | <b>23.35</b>                         | <b>198.61</b>                        |
| <b>C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>   |                                      |                                      |
| Interest Paid   | (1.93)                               | (85.08)                              |
| <b>Net Cash Flow From / (Used in) Financing Activities</b>  | <b>(1.93)</b>                        | <b>(85.08)</b>                       |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <b>(120.48)</b>                      | <b>(498.18)</b>                      |
| Cash and Cash Equivalents at the beginning of the year  | 530.32                               | 1,028.50                             |
| Cash and Cash Equivalents at the end of the year  | 409.84                               | 530.32                               |
| <b>Components of Cash and Cash Equivalents</b>  |                                      |                                      |
| Cash and cheques on Hand  | 0.19                                 | 0.15                                 |
| Balances with Banks   |                                      |                                      |
| -On Current Accounts  | 409.65                               | 530.17                               |
| -On Deposit Accounts  | -                                    | -                                    |
| Cheques, Drafts on hand   | -                                    | -                                    |
| <b>Cash and cash Equivalent (as per Note 10)</b>  | <b>409.84</b>                        | <b>530.32</b>                        |
| <b>Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.</b> |                                      |                                      |
| <b>For the year ended March 31, 2019</b>  |                                      |                                      |
| Interest and other Financial Charges accrued and Paid for the year  | (1.93)                               |                                      |
| <b>Total</b>  | <b>(1.93)</b>                        |                                      |
| <b>Total Movement</b>   | <b>(1.93)</b>                        |                                      |
| <b>Non Cash Changes :</b>   |                                      |                                      |
| <b>Changes In Financing Cash flows</b>  | <b>(1.93)</b>                        |                                      |

Notes:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements.
- 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. 000511S

N. Venkata Suneel  
Partner  
Membership No. 223588



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

Naval Kishore  
Whole Time Director  
DIN - 08183351

Sunny Mehta  
Chief Financial Officer

Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



National Energy Trading and Services Limited  
Statement of Changes In Equity for the year ended March 31, 2019

Equity Attributable to the Owners of the Company

Rs. Lakhs

a. Equity Share Capital

| Particulars                                     | Number of Shares (In Lakhs) | Amount   |
|---|-----------------------------|----------|
| Issued and Paid up Capital at April 1, 2017     | 365.29                      | 3,652.94 |
| Changes in equity share capital during the year | -                           | -        |
| Balance at March 31, 2018                       | 365.29                      | 3,652.94 |
| Changes in equity share capital during the year | -                           | -        |
| Balance at March 31, 2019                       | 365.29                      | 3,652.94 |

b. Other Equity

| Particulars   | Reserves and Surplus | Items of Other comprehensive income    | Total Other Equity |
|---|----------------------|--|--------------------|
|   | Retained earnings    | Remeasurement of Defined Benefit Plans |                    |
| Balance as at 01.04.2017                            | 5,364.33             | 2.33                                   | 5,366.66           |
| Profit for the year                                 | 55.91                | -                                      | 55.91              |
| Other Comprehensive Income after tax for the Period | -                    | (9.40)                                 | (9.40)             |
| Balance as at 31.03.2018                            | 5,420.24             | (7.07)                                 | 5,413.17           |
| Current year profit / (Loss)                        | (929.78)             | -                                      | (929.78)           |
| Other Comprehensive Income after tax for the Period | -                    | (4.26)                                 | (4.26)             |
| Balance as at 31.03.2019                            | 4,490.46             | (11.33)                                | 4,479.13           |

As per our report of even date.

For Brahmayya & Co  
Chartered Accountants  
Firm Registration No. 0007113

*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

*Naval Kishore*  
Naval Kishore  
Whole Time Director  
DIN - 08183351

*Sunny Mehta*  
Sunny Mehta  
Chief Financial Officer

*Sanjay Kumar Bhardwaj*  
Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

*Anjali*  
Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019





## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

### 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 Companies (Indian Accounting Standards) Rules, 2015, 2016 & 2017 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 pronouncements (if any)

##### Adoption of new and revised standards

Ind AS 115 — Revenue from Contracts with Customers, is effective for annual periods commencing on or after 1 April 2018. The standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue guidance. The standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer and permits either a full retrospective application or a modified retrospective approach for the adoption. The company adopted the standard under modified retrospective approach. Under Ind AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

##### Standards / Amendments to Standards issued but not yet effective

##### Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, company need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the company have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

The standard permits two possible methods of transition – (i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and (ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is in the process of assessing the impact of the initial application of the standard. The management believes that the application would not have a material impact on the Company's financial statements.

### Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements and the management believes that the application would not have a material impact on the Company's financial statements.

### Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements and the management believes that the application would not have a material impact on the Company's financial statements.

## 2.1 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 recognized in the financial statements.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

### 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 recognized, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

### Property, plant and equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment, intangible assets) 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.

### 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 and intangible asset 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.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

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 the statement of profit and loss account 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.

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 recognized 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 recognized 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 recognized 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



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

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

- a) Trade receivable
- b) Cash and cash equivalents
- c) 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 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 recognized in other comprehensive income (OCI).

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

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

### (iv) Investment in subsidiaries, fellow subsidiaries are carried at cost in the separate 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:



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

- The company has transferred the rights to receive cash flows from the financial asset or
- The contractual right to receive cash flows from financial asset is expired 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 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 – at amortized cost*

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

#### *De recognition*

A financial liability is derecognized 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,



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

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 recognized 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 recognized, 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 recognized 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-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized 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 net income 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.

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 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



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

### **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 / Counter 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 an 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.

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





## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

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 derives revenues primarily from business of Power Trading and trading of Solar Modules. The company collects Goods and Service Tax (GST) 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:

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

As per Ind AS 115 the Company has presented revenue from operations for certain contract with customers net of power purchase cost.

The company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

1. Identify the contracts with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs; or
- b) The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

- c) The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The company assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

### Trading of power and solar modules

In the arrangements the company is acting as an agent, the revenue is recognized on net basis when the units of electricity are delivered to power procurers because this is when the company transfers control over its services and the customer benefits from the company such agency services.

The company determines its revenue on certain contracts net of power purchase cost based on the following factors:

- a. Another party is primarily responsible for fulfilling the contract as the company does not have the ability to direct the use of power supplied or obtain benefits from supply of power.
- b. The company does not have inventory risk before or after the power has been delivered to customers as the power is directly supplied to customer.
- c. The company has no discretion in establishing the price for supply of power. The company consideration in these contracts is only based on the difference between sales price charged to procurer and purchase price given to supplier.

For other contract which does not qualify the conditions mentioned above, revenue is determined on gross basis.

### 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 recognized in profit or loss only when the right to receive payment is established.

## 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



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2019

- 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, 2019

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, 2017   | 0.82                   | 25.22        | 4.46             | 30.50        |
| Additions              | -                      | -            | 0.03             | 0.03         |
| Disposals              | -                      | -            | -                | -            |
| As at March 31, 2018   | <u>0.82</u>            | <u>25.22</u> | <u>4.43</u>      | <u>30.47</u> |
| Additions              | -                      | -            | 0.05             | 0.05         |
| Disposals              | -                      | -            | -                | -            |
| As at March 31, 2019   | <u>0.82</u>            | <u>25.22</u> | <u>4.48</u>      | <u>30.52</u> |
| <b>Depreciation</b>    |                        |              |                  |              |
| As at April 01, 2017   | 0.30                   | 15.61        | 3.69             | 19.60        |
| Charged For the Period | 0.15                   | 6.83         | -                | 6.98         |
| On Disposals           | -                      | -            | 0.03             | 0.03         |
| As at March 31, 2018   | <u>0.45</u>            | <u>22.44</u> | <u>3.66</u>      | <u>26.55</u> |
| Charged For the Period | 0.14                   | 0.07         | -                | 0.21         |
| On Disposals           | -                      | -            | -                | -            |
| As at March 31, 2019   | <u>0.59</u>            | <u>22.51</u> | <u>3.66</u>      | <u>26.76</u> |
| <b>Net Block</b>       |                        |              |                  |              |
| As at March 31, 2018   | <u>0.37</u>            | <u>2.78</u>  | <u>0.77</u>      | <u>3.92</u>  |
| As at March 31, 2019   | <u>0.23</u>            | <u>2.71</u>  | <u>0.82</u>      | <u>3.76</u>  |

Note : Gross Block as on 01.04.2017 includes deemed cost (Gross Block as on 31.03.2015 less Accumulated Depreciation as on 31.03.2015) as per IndAS 101.



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**National Energy Trading and Services Limited**  
**Notes to financial statements for the year ended March 31, 2019**

**4 Other Intangible Assets**

**Rs. Lakhs**

| Particulars                 | Computer Software | Total |
|-----------------------------|-------------------|-------|
| <b><u>Gross Block</u></b>   |                   |       |
| <b>As at April 01, 2017</b> | -                 | -     |
| Additions                   | -                 | -     |
| Disposals                   | -                 | -     |
| <b>As at March 31, 2018</b> | -                 | -     |
| Additions                   | -                 | -     |
| Disposals                   | -                 | -     |
| <b>As at March 31, 2019</b> | -                 | -     |
| <b><u>Amortisation</u></b>  |                   |       |
| <b>As at April 01, 2017</b> | -                 | -     |
| Amortised For the Period    | -                 | -     |
| On Disposals                | -                 | -     |
| <b>As at March 31, 2018</b> | -                 | -     |
| Amortised For the Period    | -                 | -     |
| On Disposals                | -                 | -     |
| <b>As at March 31, 2019</b> | -                 | -     |
| <b><u>Net Block</u></b>     |                   |       |
| <b>As at March 31, 2018</b> | -                 | -     |
| <b>As at March 31, 2019</b> | -                 | -     |

Note : Gross Block as on 01.04.2017 includes deemed cost (Gross Block as on 31.03.2015 less Accumulated Depreciation as on 31.03.2015) as per IndAS 101.



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National Energy Trading and Services Limited

Notes to financial statements for the year ended March 31, 2019

5 Non Current Investments

|   | As at<br>March 31, 2019 | As at<br>March 31,<br>2018 | As at<br>March 31, 2019 | As at<br>March 31,<br>2018 |
|---|-------------------------|----------------------------|-------------------------|----------------------------|
|   | No. Lakhs               | No. Lakhs                  | Rs. Lakhs               | Rs. Lakhs                  |
| <b>I Investment at Cost</b>   |                         |                            |                         |                            |
| <b>A Un-Quoted</b>  |                         |                            |                         |                            |
| <b>Investment in Equity Shares</b>  |                         |                            |                         |                            |
| <b>(i) Investment in Subsidiary Companies</b>   |                         |                            |                         |                            |
| Lanco Operation and Maintenance company Limited<br>(Equity Shares of Rs 10 each)          | 5.005                   | 4.999                      | 50.05                   | 49.99                      |
| <b>Sub Total</b>  |                         |                            | <b>50.05</b>            | <b>49.99</b>               |
| <b>(ii) Investment In Fellow Subsidiaries Companies</b>                                   |                         |                            |                         |                            |
| Lanco Solar Energy Private Limited (Equity Shares of<br>Rs 10 each)                       | 776.36                  | 773.62                     | 9,961.76                | 9,925.76                   |
| <b>Total Equity Investment At Cost (a)</b>  |                         |                            | <b>10,011.81</b>        | <b>9,975.75</b>            |
| <b>(iii) Investments in Preference Shares</b>   |                         |                            |                         |                            |
| 0.001% CCPS Preference Shares in Pragdisa Power<br>Private Limited (Refer Note no. 28(a)) | 106.50                  | 106.50                     | 1,065.00                | 1,065.00                   |
| <b>Total Preference Investment At Cost (b)</b>  |                         |                            | <b>1,065.00</b>         | <b>1,065.00</b>            |
| <b>Less: Allowance for impairment in the value of<br/>Investments (c)</b>                 |                         |                            | <b>(1,065.00)</b>       | <b>-</b>                   |
| <b>Total Non Current Investments (Net of provision) (a+b+c)</b>                           |                         |                            | <b>10,011.81</b>        | <b>11,040.75</b>           |



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6 Trade Receivables

|                            | Non- Current            |                         | Current                 |                         |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                            | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Trade Receivables          |                         |                         |                         |                         |
| Unsecured, Considered Good | -                       | -                       | 4,375.21                | 860.51                  |
| <b>Total</b>               | <b>-</b>                | <b>-</b>                | <b>4,375.21</b>         | <b>860.51</b>           |

7 Loans

|   | Non- Current            |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>*Security Deposit</b>  |                         |                         |                         |                         |
| Unsecured, Considered Good (Refer note no.32 (A))                             | 65.00                   | 65.35                   | 3,331.08                | 323.72                  |
| Doubtful  | 60.00                   | 60.00                   | -                       | -                       |
|   | 125.00                  | 125.35                  | 3,331.08                | 323.72                  |
| Less: Provision for Bad & doubtful Security Deposit (Refer note no 37 (b)(i)) | 60.00                   | 60.00                   | -                       | -                       |
|   | 65.00                   | 65.35                   | 3,331.08                | 323.72                  |
| <b>Loans to Related Parties</b>   |                         |                         |                         |                         |
| Unsecured, Considered Good  |                         |                         |                         |                         |
| Loans Receivable (Refer note no.36 and 39)                                    | -                       | -                       | 992.00                  | 983.00                  |
| <b>Total Loans</b>  | <b>65.00</b>            | <b>65.35</b>            | <b>4,323.08</b>         | <b>1,306.72</b>         |

\*Current security deposit includes Rs.3,000 Lakhs as Security deposit given in lieu of bank guarantee for supply of electricity to TANGEDCO for the period April 2018 to January 2019.(Further Refer to note no.32 (A)).

8 Other Financial Assets

|  | Non- Current            |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Loans and Advances to Employees                        | -                       | -                       | 2.52                    | 0.52                    |
| Interest Accrued on Deposits (Refer note no.36 and 39) | -                       | -                       | 110.09                  | 52.77                   |
| Others Assets (Refer note no.38)                       | -                       | -                       | 1.61                    | 3.82                    |
| <b>Total</b>   | <b>-</b>                | <b>-</b>                | <b>114.22</b>           | <b>57.11</b>            |

9 Other Assets

|   | Non- Current            |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Prepaid Expense                           | -                       | -                       | 9.14                    | 10.57                   |
| Goods and Services Tax Credit Receivables | -                       | -                       | 41.94                   | 46.26                   |
| <b>Total</b>                              | <b>-</b>                | <b>-</b>                | <b>51.08</b>            | <b>56.83</b>            |

10 Cash and Cash Equivalents

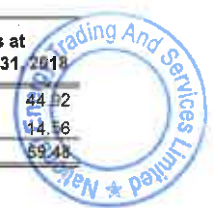
|                      | Rs. Lakhs               |                         |
|----------------------|-------------------------|-------------------------|
|                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Cash on Hand         | 0.19                    | 0.15                    |
| Balances with Banks  |                         |                         |
| -On Current Accounts | 409.65                  | 530.17                  |
|                      | 409.84                  | 530.32                  |

11 Bank Balances

|   | Non- Current            |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| On Deposit Accounts   |                         |                         |                         |                         |
| Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit | -                       | -                       | 838.99                  | 756.81                  |
| <b>Net Bank Balances</b>  | <b>-</b>                | <b>-</b>                | <b>838.99</b>           | <b>756.81</b>           |

12 Tax Assets (Net)

|  | Non- Current            |                         | Current                 |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Advance Tax (Net of Provision for Tax) | -                       | -                       | 39.03                   | 44.22                   |
| Income Tax Refund                      | -                       | -                       | -                       | 14.56                   |
|  | -                       | -                       | 39.03                   | 58.78                   |



13 Equity Share Capital

Rs. Lakhs

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 1000 Lakhs March 31,2019, (March 31,2018 1000 Lakhs 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 Lakhs March 31,2019, (March 31,2018 365.29 Lakhs of Rs.10/- each ) Equity Shares of Rs. 10/- each, Fully Paid up | 3,652.94                | 3,652.94                |
| <b>Total Equity Share Capital</b>   | <b>3,652.94</b>         | <b>3,652.94</b>         |

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

|  | As at<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>Rs. Lakhs | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>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 (eg. 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 company

|  | As at<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>Rs. Lakhs | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>Rs. Lakhs |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Equity Shares of Rs. -10/- each fully paid up Held By holding company</b> |                                      |                                      |                                      |                                      |
| Lanco Infratech Limited (Refer Note no.36 and 41)                            | 365.29                               | 3,652.94                             | 365.29                               | 3,652.94                             |

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

|  | As at<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>% Holding in the class | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>% Holding in the class |
|--|--------------------------------------|---|--------------------------------------|---|
| <b>Equity Shares of Rs. -10/- each fully paid up Held By</b> |                                      |   |                                      |   |
| Lanco Infratech Limited (Refer Note no.36 and 41)            | 365.29                               | 100.00%   | 365.29                               | 100.00%   |

\*including with the beneficial interest.  
The above information is as per register of share holders / members.



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National Energy Trading and Services Limited  
Notes to financial statements for the year ended March 31, 2019

14 Trade payables

|  | Non current    |                | Rs. Lakhs<br>Current |                 |
|--|----------------|----------------|----------------------|-----------------|
|  | As at          | As at          | As at                | As at           |
|  | March 31, 2019 | March 31, 2018 | March 31, 2019       | March 31, 2018  |
| 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 | -              | -              | 8,504.56             | 4,832.38        |
|  | -              | -              | <b>8,504.56</b>      | <b>4,832.38</b> |

15 Other financial liabilities

|  | Non current    |                | Rs. Lakhs<br>Current |                |
|--|----------------|----------------|----------------------|----------------|
|  | As at          | As at          | As at                | As at          |
|  | March 31, 2019 | March 31, 2018 | March 31, 2019       | March 31, 2018 |
| Salaries and other benefits Payable    | -              | -              | 19.51                | 4.13           |
| *Other Payables (Refer note no.32 (A)) | -              | -              | 3,371.03             | 238.37         |
|  | -              | -              | <b>3,390.54</b>      | <b>242.50</b>  |

\* Other payable include Rs.3,000 Lakhs payable to Lanco Anpara Power Limited towards power supply contract to TANGEDCO for the period April 2018 to January 2019.(further refer to note no.32 (A))

16 Provisions

|                                | Long Term      |                | Rs. Lakhs<br>Short Term |                |
|--------------------------------|----------------|----------------|-------------------------|----------------|
|                                | As at          | As at          | As at                   | As at          |
|                                | March 31, 2019 | March 31, 2018 | March 31, 2019          | March 31, 2018 |
| Provision for Leave Encashment | 15.35          | 34.65          | 4.24                    | 10.52          |
| Provision for Gratuity         | 20.13          | 27.75          | 4.79                    | 8.02           |
|                                | <b>35.48</b>   | <b>62.40</b>   | <b>9.03</b>             | <b>18.54</b>   |

17 Deferred Tax Asset

|   | Rs. Lakhs               |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books       | -                       | 15.27                   |
| Provision for Gratuity and Compensated Absences   | -                       | 26.76                   |
| Expected credit loss on Financial assets (Additional provisions required if any on Financials assets) | -                       | 19.84                   |
| <b>Deferred Tax Asset *</b>   | <b>-</b>                | <b>61.87</b>            |

\* The Deferred Tax Assets will be recognized when it is probable that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Accordingly, no Deferred Tax Assets has been recognized.

18 Other liabilities

|                                       | Non current    |                | Rs. Lakhs<br>Current |                |
|---------------------------------------|----------------|----------------|----------------------|----------------|
|                                       | As at          | As at          | As at                | As at          |
|                                       | March 31, 2019 | March 31, 2018 | March 31, 2019       | March 31, 2018 |
| Advance from Customers                | -              | -              | 145.29               | 783.97         |
| Taxes Payable (Other than Income Tax) | -              | -              | 12.10                | 11.01          |
| Employee Contributions Payable        | -              | -              | 1.33                 | 1.80           |
|                                       | -              | -              | <b>158.72</b>        | <b>796.78</b>  |

19 Tax Liabilities (Net)

|   | Long Term      |                | Rs. Lakhs<br>Short Term |                |
|---|----------------|----------------|-------------------------|----------------|
|   | As at          | As at          | As at                   | As at          |
|   | March 31, 2019 | March 31, 2018 | March 31, 2019          | March 31, 2018 |
| Provision for Taxation (Net of Advance taxes) | -              | -              | 29.35                   | -              |
|   | -              | -              | <b>29.35</b>            | <b>-</b>       |



National Energy Trading and Services Limited  
Notes to financial statements for the year ended March 31, 2019

20 Revenue From Operations

Rs. Lakhs

|                                      | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Sale of Products</b>              |                                      |                                      |
| Electrical Energy (Refer note no.30) | 22,935.54                            | 32,140.04                            |
| Solar Modules                        | -                                    | 5,208.99                             |
|                                      | <b>22,935.54</b>                     | <b>37,349.03</b>                     |

21 Other Income

Rs. Lakhs

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>Interest Income on</b>                                  |                                      |                                      |
| Deposits and Margin money                                  | 60.50                                | 50.80                                |
| Inter Corporate Loans                                      | 127.79                               | 189.76                               |
| Others   | 5.17                                 | 5.90                                 |
| <b>Dividend Income on</b>                                  |                                      |                                      |
| Current Investments  | 10.68                                | 17.45                                |
| Liabilities and Provisions no longer required written back | -                                    | 52.60                                |
| Net Profit on Sale of Assets                               | -                                    | 0.01                                 |
| Miscellaneous Income                                       | 0.10                                 | 6.40                                 |
|  | <b>204.24</b>                        | <b>322.92</b>                        |

22 Purchase of stock-in-trade

Rs. Lakhs

|                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Power Purchase (Refer note no.30) | 22,623.11                            | 31,901.41                            |
| Purchases - Trading Materials     | -                                    | 5,109.17                             |
|                                   | <b>22,623.11</b>                     | <b>37,010.58</b>                     |

23 Employee Benefits Expenses

Rs. Lakhs

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Salaries, allowances and benefits to employees | 222.63                               | 305.65                               |
| Contribution to provident fund and other funds | 3.45                                 | 15.58                                |
| Recruitment and training                       | 0.40                                 | 0.09                                 |
| Staff welfare expenses                         | 5.45                                 | 4.62                                 |
|  | <b>231.93</b>                        | <b>325.94</b>                        |

24 Finance Cost

Rs. Lakhs

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Interest   | 0.06                                 | 0.12                                 |
| Other Borrowing Cost (Upfront Fees, Commitment Charges etc.) | 1.87                                 | 84.97                                |
|  | <b>1.93</b>                          | <b>85.09</b>                         |



**National Energy Trading and Services Limited**  
**Notes to financial statements for the year ended March 31, 2019**

**25 Depreciation And Amortization Expense**

Rs. Lakhs

|                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------|--------------------------------------|--------------------------------------|
| Depreciation on PPE | 0.22                                 | 7.00                                 |
|                     | <b>0.22</b>                          | <b>7.00</b>                          |

**26 Other Expenses**

Rs. Lakhs

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Rent   | 5.87                                 | 11.73                                |
| Rates and taxes  | 41.11                                | 40.44                                |
| Donations (CSR)  | -                                    | 9.91                                 |
| Office maintenance   | 5.75                                 | 14.79                                |
| Insurance  | 0.22                                 | 0.21                                 |
| Printing and stationery                                      | 0.71                                 | 0.73                                 |
| Consultancy and other professional charges                   | 27.51                                | 67.27                                |
| Net Loss on Fair valuation of Financial assets & liabilities | 0.25                                 | -                                    |
| Remuneration to auditors (As Auditor):                       |                                      |                                      |
| Audit Fee  | 5.90                                 | 5.75                                 |
| ICFR fees  | 1.18                                 | 1.18                                 |
| Travelling and conveyance                                    | 2.95                                 | 7.04                                 |
| Communication expenses                                       | 1.34                                 | 2.05                                 |
| Business Promotion and Advertisement                         | 0.10                                 | 0.03                                 |
| Miscellaneous expenses                                       | 7.51                                 | 7.94                                 |
|  | <b>100.40</b>                        | <b>169.07</b>                        |

**27 Other Comprehensive Income**

Rs. Lakhs

|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (A) Items that will not be reclassified to profit or loss |                                      |                                      |
| (i) Remeasurements of the defined benefit plans:          | (4.26)                               | (9.40)                               |
|   | <b>(4.26)</b>                        | <b>(9.40)</b>                        |



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**National Energy Trading and Services Limited**  
**Notes and other explanatory information to financial statements for the year ended March 31, 2019**

**28 Exceptional Items**

- a) The Company has made investment in Pragdisa Power Private Limited (PPPL) during the earlier years. The company after assessing the fair value of investment has impaired the investment amounting to Rs.1,065 lakhs in the books of accounts during the current year.
- b) During the current financial year, the company has assessed the recoverability of certain long outstanding financial assets and accordingly Rs.655.35 lakhs has been written off.
- c) During the current financial year, the company has assessed the long outstanding liability accordingly Rs.734.25 lakhs has been written back.

**29 Earning Per Share (EPS)**

|  |           | Rs. Lakhs      |                |
|--|-----------|----------------|----------------|
|  |           | March 31, 2019 | March 31, 2018 |
| <b>Total Operations for the year</b>                     |           |                |                |
| Profit / (Loss) attributable to Equity Holders           | (A)       | (929.78)       | 55.92          |
| 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>Earning per Equity share</b>                          |           |                |                |
| Basic  | (A) / (B) | (2.55)         | 0.15           |
| Diluted  | (A) / (C) | (2.55)         | 0.15           |

- 30 Ind AS 115, 'Revenue from Contracts with Customers' notified on 28 March 2018, has been made effective from 1 April 2018. The implication of Ind AS 115 does not have any material impact on the financial statement. However in view of implementation of new standards, in regards to sale of power through exchange has been recognized as revenue by netting the cost of purchase of power as against earlier practice of full value to be included in Revenue. As result Revenue from operation and electricity purchased for trading as agent has declined by Rs 10,546.96 Lakhs.

The company has applied Ind AS 115 using the cumulative effect method and therefore the comparative number has not been restated hence the figures of previous year remain same as reported earlier and no cumulative adjustment was required as at 1st April, 2018.

**31 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.20 Lakhs. The plan for the same is unfunded.

|   |  | Rs. Lakhs      |                |
|---|--|----------------|----------------|
|   |  | Gratuity       |                |
|   |  | March 31, 2019 | March 31, 2018 |
| <b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b> |  |                |                |
| Current service cost  |  | 4.16           | 2.65           |
| Past service cost   |  | -              | 0.47           |
| Interest cost on benefit obligation   |  | 2.54           | 1.50           |
| <b>Sub Total</b>  |  | <b>6.70</b>    | <b>4.62</b>    |
| <b>Recognised In Other Comprehensive Income</b>   |  |                |                |
| Net actuarial (gain)/loss recognized in the year  |  |                |                |
| i. Financial Assumptions on obligation  |  | 0.87           | (1.41)         |
| ii. Experience Adjustments on obligation  |  | 3.39           | 10.81          |
| <b>Sub Total</b>  |  | <b>4.26</b>    | <b>9.40</b>    |
| <b>Net benefit expense</b>  |  | <b>10.96</b>   | <b>14.02</b>   |
| <b>Balance Sheet</b>  |  |                |                |
| <b>Benefit asset / liability</b>  |  |                |                |
| Present value of defined benefit obligation   |  | 24.93          | 35.77          |
| <b>Assets / (Liability) recognized in the balance sheet</b>   |  | <b>(24.93)</b> | <b>(35.77)</b> |
| <b>Change in the present value of the defined benefit obligation</b>  |  |                |                |
| Opening defined benefit obligation  |  | 35.77          | 21.39          |
| Benefit transferred in  |  | -              | 2.39           |
| Benefits paid   |  | (21.81)        | (2.03)         |
| <b>Expenses Recognised in Statement of Profit and Loss Account</b>  |  |                |                |
| Current service cost  |  | 4.16           | 2.65           |
| Interest cost on benefit obligation   |  | 2.54           | 1.50           |
| Past service cost   |  | -              | 0.47           |
| <b>Recognised In Other Comprehensive Income</b>   |  |                |                |
| Actuarial (gain)/loss on obligation   |  | 4.26           | 9.40           |
| <b>Closing defined benefit obligation</b>   |  | <b>24.93</b>   | <b>35.77</b>   |



**National Energy Trading and Services Limited**  
Notes and other explanatory information to financial statements for the year ended March 31, 2019

**Assumptions**

|   |        |        |
|---|--------|--------|
| Discount Rate (%)   | 7.00%  | 8.00%  |
| Attrition Rate%   | 20.00% | 20.00% |
| Expected rate of salary increase (%)                                | 6.00%  | 6.00%  |
| Expected Average Remaining Service (years)                          | 23.84  | 23.67  |
| Expected Average Remaining Service/mortality and withdrawal (years) | 6.06   | 6.17   |

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.

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

|                | Rs. Lakhs                                   |                     |  |
|----------------|---|---------------------|--|
|                | Present value of Defined benefit obligation | Surplus / (deficit) | Experience adjustments on plan liabilities |
| March 31, 2019 | 24.93                                       | (24.93)             | (3.39)                                     |
| March 31, 2018 | 35.77                                       | (35.77)             | (10.81)                                    |
| 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)                                     |

**Sensitivity analysis of the defined benefit obligation**

| Particulars                             | 1% Increase |        | 1% Decrease |        |
|---|-------------|--------|-------------|--------|
|   | 2019        | 2018   | 2019        | 2018   |
| Impact of the change in discount rate   | (0.87)      | (0.72) | 0.94        | 0.75   |
| Impact of the change in salary increase | 0.85        | 0.67   | (0.84)      | (0.67) |

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. 7.40 Lakhs (Previous year : Rs 10.96 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

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

Rs. Lakhs

- |   | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| <b>i Claims against the company not accepted by the company</b>   |                |                |
| - Amount withheld by Tamil Nadu Generation and Distribution Corporation towards compensation*<br>NETS had filed a petition before TNERC against the deduction of Rs.600 Lakhs equivalent to bid bond value from the bills issued by NETS. TANGEDCO had deducted the amount due to non-disclosure of complete facts as well as participation in the bid without having sufficient fuel allocation. The matter is pending in Honorable Supreme Court adjourned for filing of counter affidavit & rejoinder affidavit, if any.   | 600.00         | 600.00         |
| <b>ii Rajasthan Discoms Power Procurement Centre (RDPPC) has raised compensation bills amounting Rs.188 lakhs for short supply of power for the months of Feb 2011, April 2011 &amp; 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.</b>  |                |                |
| <b>iii NETS has entered into a contract on 25-01-2012 with TANGEDCO for supply of electricity under MTOA from 01-10-2012 to 30-09-2016, electricity was supplied to TANGEDCO using escalation index rate specified by CERC at that time for payment of Escalable Capacity charges and Escalable energy charges. On 08-02-2017 CERC issued various notifications for amending the original notifications issued in 2012 and 2013 revising the Annual Escalation Rate. TANGEDCO has filed writ petition with Hon'ble High Court of Delhi against CERC notification issued on 08-02-2017. Delhi High court vide its interim order dated 07-02-2018 and 25-05-2018 has stayed the operation of the notification issued by the CERC dated 08-02-2017 till the date of next hearing. If the petition is dismissed by court, NETS will be liable to pay to TANGEDCO the difference between energy charges calculated as per old escalation index and new escalation index and NETS can recover the same from Lanco Anpara Power Limited.</b> |                |                |
| <b>32A During the FY 2018-19, NETS has given Rs.3,000 Lakhs as Security deposit in lieu of bank guarantee for supply of electricity to TANGEDCO for the period April 2018 to January 2019. In May 2019, NETS vide its letter dated 28-05-2019 has requested TANGEDCO to release the Security deposit. TANGEDCO has filed writ petition with Hon'ble High Court of Delhi against CERC notification issued on 08-02-2017 as detailed in the note no 32(iii). The company is of the view that ultimate recoverability of the security amount would dependent on the final outcome of the order.</b>  |                |                |
| <b>33 The Company had entered into short term power supply agreement in 2007 with Damodar Valley Corporation (DVC), however the power supplied fall short of the minimum guaranteed supply of 70% of the contract quantity, further DVC has cancelled the said agreement. Inability to supply power by DVC, company has claimed Rs.88.64 Lakhs from DVC. During the current year, court has passed the order in favour of the company to claimed the amount with interest 18%. However the company has not made any adjustment in books. Considering the right with DVC to file further appeal against the order and the same will be accounting as and when the money will be received from the party.</b>   |                |                |
| <b>34 The Company had supplied the power from Lanco Kondapalli Power Limited and M/s Sterlite Energy Limited after TANGEDCO had invited bids for a short term procurement of power. NETS has filed claim for recovery of surcharge of Rs.3,313 Lakhs on 23.05.2014 against delay in payment of energy charges by TANGEDCO. The company has filed appeal before TNERC on 28.07.2014 against which reply has been filed by TANGEDCO. Further date of hearing is yet to be provided by the TNERC.</b>  |                |                |
| <b>35 Segment Reporting</b>   |                |                |
| 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.   |                |                |



36 National Energy Trading and Services Limited  
**RELATED PARTY DISCLOSURE as on 31st March 2019**

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

| Description of Relationship   | Name   |
|---|--|
| Parent Company  | Lanco Infratech Limited (LITL) (Refer Note No.41)  |
| Subsidiary Companies  | Lanco Operation and Maintenance Limited (LOMCL)  |
| Fellow Subsidiaries   | Lanco Anpara Power Limited (LAnPL)*<br>Lanco Solar Energy Private Limited (LSEPL) (Refer note no.40)<br>Lanco Babandh Power Limited (LBPL) (Refer Note No.38)<br>Lanco Hydro Power Limited (LHPL)<br>Lanco Power Limited (LPL)<br>Lanco Thermal Power Limited (LTPL)<br>Lanco Vidarbha Thermal Power Limited (LVTPL)<br>Lanco Mandakini Hydro Energy Pvt Ltd (LMHEPL)<br>Mercury Projects Private Limited (MPPL)<br>Dione Properties Private Limited (DPPL)<br>Lanco Amarkantak Power Limited (LAPL)<br>Lanco Kondapalli Power Limited (LKPL)* |
| Key Management Personnel  | Mr. Naval Kishore (From July 26, 2018)<br>Mr. MCS Reddy<br>Mr. Niharendu Sanyal (From November 12, 2018)<br>Ms. Kanika Sukheeja<br>Mr. TNKS Murty (Upto April 30, 2018)<br>Mr. BRK Rao (Upto September 25, 2018)<br>Ms. Trina Lakhmani (Upto May 14, 2018)   |
| Entity controlled or significantly influenced by key management personnel or their close family members | Pragadisa Power Private Limited (PPPL)<br>Lanco Teesta Hydro Power Limited (LTHPL)<br>Lanco Kondapalli Power Limited (LKPL)<br>Lanco Anpara Power Limited (LAnPL)**  |

\* Lanco Kondapalli Power Limited (LKPL) is fellow subsidiary till 21st November, 2017.

\*\*Lanco Anpara Power Limited (LAnPL) is fellow subsidiary till 5th January, 2019.



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

| Nature of Transaction   | For the year ended March 31, 2019 |        |                      |        |                     |        |                          |        |  |           |
|---|-----------------------------------|--------|----------------------|--------|---------------------|--------|--------------------------|--------|--|-----------|
|   | Parent Company                    |        | Subsidiary Companies |        | Fellow Subsidiaries |        | Key Management Personnel |        | Enterprise owned or significantly Influenced by group of individuals or their relatives who have control or significant influence over the company |           |
|   | Party Name                        | Amount | Party Name           | Amount | Party Name          | Amount | Party Name               | Amount | Party Name   | Amount    |
| <b>Income</b>   |                                   |        |                      |        |                     |        |                          |        |  |           |
| Interest Received on Intercompany Loans                                   |                                   |        |                      |        | LPL                 | 127.79 |                          |        | LAnPL  | 258.57    |
| Electricity Transmission Services   |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 54.25     |
| Commission & Brokerage  |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 23.75     |
| Liabilities no longer required written back                               |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 23,424.54 |
| <b>Expense</b>  |                                   |        |                      |        |                     |        |                          |        |  |           |
| Purchase of Goods/Power (Net of Rebate)                                   |                                   |        |                      |        |                     |        |                          |        |  |           |
| Contract Services/ Shared Services Availed                                | LITL                              | 5.03   |                      |        |                     |        |                          |        |  |           |
| Rent Paid   | LITL                              | 5.87   |                      |        |                     |        |                          |        |  |           |
| Management Consultancy Fees   |                                   |        |                      |        | MPPL                | 17.70  |                          |        |  |           |
| Managerial Remuneration   |                                   |        |                      |        |                     |        | Mr. Naval Kishore        | 25.71  |  |           |
| Short Term Employee Benefits  |                                   |        |                      |        |                     |        | Mr. Naval Kishore        | 2.14   |  |           |
| Post Employment Benefits  |                                   |        |                      |        |                     |        | Mr. Naval Kishore        | 0.59   |  |           |
| Bad Debts Written Off   | LITL                              | 27.94  |                      |        |                     |        |                          |        |  |           |
| <b>Other Transactions</b>   |                                   |        |                      |        |                     |        |                          |        |  |           |
| Purchase / (Sale) of Shares   |                                   |        |                      |        | DPPL                | 36.00  |                          |        |  |           |
| Purchase of Printer   |                                   |        |                      |        | LAPL                | 0.05   |                          |        |  |           |
| Loan given during the year  |                                   |        | LOMCL                | 9.00   |                     |        |                          |        |  |           |
| Expenditure incurred by Company on Behalf of Related Parties - Reimbursed |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 2.43      |
| <b>Period End Balances</b>  |                                   |        |                      |        |                     |        |                          |        |  |           |
| <b>Payables</b>   |                                   |        |                      |        |                     |        |                          |        |  |           |
| Trade Payables  |                                   |        |                      |        |                     |        |                          |        | LKPL   | 1,951.82  |
| Trade Payables  |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 4,996.85  |
| Other Payables  |                                   |        |                      |        | MPPL                | 16.20  |                          |        |  |           |
| Other Payables  |                                   |        |                      |        | LAPL                | 0.05   |                          |        |  |           |
| Other Payables  |                                   |        |                      |        | LSEPL               | 211.21 |                          |        |  |           |
| Security Deposit Payable  |                                   |        |                      |        |                     |        |                          |        | LAnPL  | 3,318.00  |
| <b>Receivables</b>  |                                   |        |                      |        |                     |        |                          |        |  |           |
| Loans Receivable ICD  |                                   |        | LOMCL                | 9.00   | LPL                 | 983.00 |                          |        |  |           |
| Other Receivables   |                                   |        | LOMCL                | 0.02   | LBPL                | 1.50   |                          |        |  |           |
| Other Receivables - Interest receivable on ICD                            |                                   |        |                      |        | LPL                 | 103.30 |                          |        |  |           |
| Other Receivables   |                                   |        |                      |        | LMHEPL              | 0.06   |                          |        |  |           |
| Other Receivables   |                                   |        |                      |        | LVTPL               | 0.02   |                          |        |  |           |
| Investments   |                                   |        |                      |        |                     |        |                          |        | PPPL   | 1,065.00  |



| Nature of Transaction   | For the year ended March 31, 2018 |        |                      |        |                     |           |                          |        |  |          |
|---|-----------------------------------|--------|----------------------|--------|---------------------|-----------|--------------------------|--------|--|----------|
|   | Parent Company                    |        | Subsidiary Companies |        | Fellow Subsidiaries |           | Key Management Personnel |        | Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the company |          |
|   | Party Name                        | Amount | Party Name           | Amount | Party Name          | Amount    | Party Name               | Amount | Party Name   | Amount   |
| <b>Income</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Sale of Goods/Power   |                                   |        |                      |        | LSEPL               | 5,208.99  |                          |        | LKPL   | 1.18     |
| Interest Received on Intercompany Loans                                   | LITL                              | 61.97  |                      |        | LPL                 | 127.79    |                          |        |  |          |
| <b>Expense</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| Purchase of Goods/Power   |                                   |        |                      |        | LAnPL               | 19,722.92 |                          |        |  |          |
| Contract Services/ Shared Services Availed                                | LITL                              | 12.70  |                      |        |                     |           |                          |        |  |          |
| Consultancy Charges   |                                   |        |                      |        | LBPL                | 55.84     |                          |        |  |          |
| Traveling Domestic  |                                   |        |                      |        | LBPL                | 3.50      |                          |        |  |          |
| Rent Paid   | LITL                              | 11.73  |                      |        |                     |           |                          |        |  |          |
| <b>Other Transactions</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Purchase / (Sale) of Shares   |                                   |        | LOMCL                | 49.99  |                     |           |                          |        |  |          |
| Expenditure incurred by Company on Behalf of Related Parties - Reimbursed |                                   |        |                      |        | LAnPL               | 43.87     |                          |        |  |          |
| <b>Period End Balances</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| <b>Payables</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Trade Payables  |                                   |        |                      |        | LAnPL               | 1,294.91  |                          |        | LKPL   | 1,951.82 |
| Other Payables  |                                   |        |                      |        | LBPL                | 12.28     |                          |        |  |          |
| <b>Receivables</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| Loans Receivable ICD  |                                   |        |                      |        | LPL                 | 983.00    |                          |        |  |          |
| ICD Interest Receivable   | LITL                              | 5.35   |                      |        | LPL                 | 40.53     |                          |        |  |          |
| Other Receivables   | LITL                              | 1.19   | LOMCL                | 0.02   | LHPL                | 0.05      |                          |        | LTHPL  | 3.66     |
| Other Receivables   |                                   |        |                      |        | LTPL                | 0.02      |                          |        |  |          |
| Other Receivables   |                                   |        |                      |        | LMHEPL              | 0.06      |                          |        |  |          |
| Investments   |                                   |        |                      |        |                     |           |                          |        | PPPL   | 1,065.00 |





### 37 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. As part of this monitoring, 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, borrowings or undertake other restructuring activities as appropriate.

#### b. Financial Risk Management Framework

The 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 credit worthiness 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<br>Net Carrying amount |
|---------------------|----------------------------------|------------------------|----------------------------------|
| As at 31 March 2019 | 60.00                            | 60.00                  | -                                |
| As at 31 March 2018 | 60.00                            | 60.00                  | -                                |
| As at 31 March 2017 | 60.00                            | 60.00                  | -                                |

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

#### ii. Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The company monitors its risk to a shortage of funds.

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                                  | Rs. Lakhs        |                  |
|--|------------------|------------------|
|  | Less than 1 year | More than 1 year |
| <b>31 March 2019</b>                         |                  |                  |
| Trade Payables & Other Financial Liabilities | 8,689.94         | 3,197.72         |
| <b>Total</b>                                 | <b>8,689.94</b>  | <b>3,197.72</b>  |
| <b>31 March 2018</b>                         |                  |                  |
| Trade Payables & Other Financial Liabilities | 1,196.58         | 3,878.30         |
| <b>Total</b>                                 | <b>1,196.58</b>  | <b>3,878.30</b>  |

**c. Financial instruments by category**

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

| Particulars                                | Rs. Lakhs             |
|--|-----------------------|
|  | March 31, 2019        |
| <b>Amortised Cost</b>                      |                       |
| <b>Financial assets</b>                    |                       |
| Investments                                |                       |
| Equity Shares                              | 10,011.81             |
| Preference shares                          | -                     |
| Trade receivables and unbilled receivables | 4,402.94              |
| Loans                                      | 4,388.08              |
| Cash and cash equivalents                  | 409.84                |
| Bank Balances                              | 838.99                |
| Other Financial Assets                     | 114.21                |
| <b>Total</b>                               | <b>20,165.87</b>      |
| <b>Financial liabilities</b>               |                       |
| Trade payables                             | 8,504.56              |
| Other Financial Liabilities                | 3,390.54              |
| <b>Total</b>                               | <b>11,895.10</b>      |
|  | <b>Rs. Lakhs</b>      |
|  | <b>March 31, 2018</b> |
| <b>Amortised Cost</b>                      |                       |
| <b>Financial assets</b>                    |                       |
| Investments                                |                       |
| Equity Shares                              | 9,975.75              |
| Preference shares                          | 1,065.00              |
| Trade receivables and unbilled receivables | 1,079.56              |
| Loans                                      | 1,372.07              |
| Cash and cash equivalents                  | 530.32                |
| Bank Balances                              | 756.81                |
| Other Financial Assets                     | 57.11                 |
| <b>Total</b>                               | <b>14,836.62</b>      |
| <b>Financial liabilities</b>               |                       |
| Trade payables                             | 4,832.38              |
| Other Financial Liabilities                | 242.50                |
| <b>Total</b>                               | <b>5,074.88</b>       |

38 Vide Order Dated 29-08-2018 of National Company Law Tribunal(NCLT), the fellow subsidiary company i.e., M/s Lanco Babandh Power Limited (LBPL) is under CIRP Process. The balance recoverable as on 31st March, 2019 is Rs.1.50 Lakhs and claim has been filed with the Insolvency Resolutional Professional.

39 The company has given loan to one of the fellow subsidiaries of the company (LPL) during the previous years. Total loan outstanding as on 31.3.2019 is Rs.983 Lakhs and interest outstanding is Rs.103.30 Lakhs. LPL has positive net worth as per the latest audited financial statement available. Accordingly the company has made no adjustment in the books of account as on 31.03.2019.

40 The company has made investment in one of the fellow subsidiary of the Company Lanco Solar Energy Private Limited (LSEPL). LSEPL has been referred to NCLT by one of the lender of LSEPL. NCLT Order dated 14.06.2019 has initiated Corporate Insolvency Resolution Process ("CIRP") and Resolution professional has been appointed with order dated 14.06.2019. The Resolution professional ("RP") is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditor ("CoC") and the NCLT. The CIRP is not yet concluded and hence, the final-outcome is yet to be ascertained. Pending outcome of resolution process no adjustments has been made towards the carrying value of the Company's investment in LSEPL amounting to Rs.9,961.76 Lakhs as at March 31, 2019 in the accompanying financial statements.

41 Upon application filed by the lenders of the Holding company i.e., M/s Lanco Infratech Limited (LITL), Corporate Insolvency Resolution Process (CIRP) was initiated under the provisions of the Insolvency and Bankruptcy Code, 2016 ('Code') by the Order of National Company Law Tribunal (NCLT) with effect from 07th August 2017.

During the current year as no resolution plan has been approved by the COC, NCLT has passed order date 27-08-2018 appointing Shri. Savan Godiavala as the Liquidator and directed him to initiate liquidation process under chapter -III of IBC, 2016 by following the liquidation process stated in IBBI (Liquidation Process), Regulations, 2013. As on March 31, 2019 the liquidation process is in progress. Company has raised claim to the Liquidator of LITL, dated: 24-09-2018, for an amount of Rs.27.94 Lakhs (net of payable) towards outstanding receivable. As per the information available at LITL website claim has been admitted.



National Energy Trading and Services Limited  
Notes and other explanatory information to financial statements for the year ended March 31, 2019

- 42 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.
- 43 Previous year figures have been regrouped/reclassified where ever necessary, to conform to those of the current year.
- 44 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

*Naval Kishore*  
Naval Kishore  
Whole Time Director  
DIN - 08183351

*Sunny Mehta*  
Sunny Mehta  
Chief Financial Officer

Place: Gurugram  
Date: 24th June, 2019

*Sanjay Kumar Bhardwal*  
Sanjay Kumar Bhardwal  
Director  
DIN - 08180543

*Anjali*  
Anjali  
Company Secretary  
Membership no - A44162



**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF NATIONAL ENERGY TRADING AND SERVICES LIMITED****Report on the Audit of the Consolidated Ind AS Financial Statements****Qualified Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **National Energy Trading and Services Limited** ("the Holding Company" or "the Company"), its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including the consolidated statement of other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act 2013 as amended ("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 consolidated state of affairs of the group as at March 31, 2019, and their consolidated loss, their consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Basis of Opinion**

- i. Attention is invited to Note 40 to the consolidated Ind AS financial statements, which explain the uncertainties relating to recoverability of carrying value of investment of Rs. 9,961.76 Lakhs in Lanco Solar Energy Private Limited (LSEPL-an fellow subsidiary of the Company). LSEPL is under Corporate Insolvency Resolution Process ("CIRP") as per NCLT Order dated 14.06.2019 and the Interim Resolution professional ("IRP") / Resolution professional ("RP") is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditor ("CoC") and the NCLT. The CIRP is in process, pending outcome of resolution process we are unable to comment on the adjustments if any that may be required towards the carrying value of the Company's investment in LSEPL amounting to Rs. 9,961.76 Lakhs as at March 31, 2019 in the accompanying consolidated Ind AS financial statements.
- ii. Attention is invited to Note 39 to the consolidated Ind AS financial statements, relating to recoverability of carrying value of unsecured loan and interest accrued on the loan aggregating to value of Rs 1086.30 Lakhs made to one of the Fellow Subsidiary of the company Lanco Power Limited (LPL).

LPL has made investments and advances in their group companies, some of group companies are under IBC process and also the parent company Lanco Infratech Limited (LITL) of LPL is under liquidation process, accordingly recoverability of the same would dependent on the outcome of resolution process,



due to the stated uncertainties we are unable to comment on the Impairment loss under Ind AS 109 to be accounted for in this regard & its consequent effect on the consolidated Ind AS financial statements.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other Information is not available to us at the date of this auditor's report. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of



preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matter

We did not audit the financial statements of its subsidiary company, whose financial statements reflect total assets of Rs. 54.44 Lacs and net cash inflow amounting to Rs. 0.65 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose report have been furnished by us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of other auditor.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary as noted in the 'Other matters' paragraph above, we report, to the extent applicable, that:
  - a) Except for the matters described in the Basis for Qualified Opinion paragraph, we/the other auditor whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;



- b) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors;.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rules issued thereunder.
- e) The matter described under the basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on functioning of the Group;
- f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies incorporated in India, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate report in "Annexure A" to this report;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company to their director is in accordance with the provisions of section 197 read with Schedule V to the Act;

- j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in 'Other matters' paragraph:
  - (i) The consolidated Ind AS financial statements has disclosed the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS





financial statements – Refer Note No 32 to 34 to the consolidated Ind AS financial statements.

- (ii) The group 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 Holding Company and its subsidiary incorporated in India during the year ended March 31, 2019.

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



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

Place: Gurugram  
Date: 24 June, 2019

The **Annexure A**, referred to in Clause 1 (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 consolidated Ind AS financial statements as of and for the year ended March 31, 2019

## **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, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company and its subsidiary company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 with reference to these consolidated Ind AS financial statements 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 consolidated 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 of the Company and its subsidiary company.

## 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 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 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 consolidated 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 and to the best of our information and according to the explanations given to us and based on the report issued by other auditor on internal financial controls over financial reporting, the Company and its subsidiary company, 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<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the respective companies 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: 24 June 2019

**For Brahmayya & Co.**  
**Chartered Accountants**

Firm's Regn No: 0065 LIS

*N. Venkata Suneel*  
**N. Venkata Suneel**

Partner

Membership No. 223688



National Energy Trading and Services Limited  
Consolidated Balance Sheet as at March 31, 2019

| Particulars   | Note No. | Rs. Lakhs               |                         |
|---|----------|-------------------------|-------------------------|
|   |          | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>I ASSETS</b>   |          |                         |                         |
| <b>(1) Non Current Assets</b>                           |          |                         |                         |
| (a) Property, Plant and Equipment                       | 3        | 3.76                    | 3.82                    |
| (b) Other Intangible assets                             | 4        | -                       | -                       |
| (c) Financial Assets                                    |          |                         |                         |
| (i) Investments   | 5        | 9,861.76                | 10,990.76               |
| (ii) Loans  | 6        | 65.00                   | 65.35                   |
| (iii) Other financial assets                            | 8        | 52.09                   | -                       |
| <b>Total Financial Asset</b>                            |          | <b>10,078.85</b>        | <b>11,056.11</b>        |
| (d) Deferred tax assets (net)                           | 17       | -                       | 61.85                   |
| <b>Total Non Current Assets</b>                         |          | <b>10,082.61</b>        | <b>11,121.89</b>        |
| <b>(2) Current assets</b>                               |          |                         |                         |
| <b>(a) Financial Assets</b>                             |          |                         |                         |
| (i) Trade receivables                                   | 7        | 4,375.21                | 860.51                  |
| (ii) Unbilled receivables                               |          | 27.73                   | 219.05                  |
| (iii) Loans   | 6        | 4,314.08                | 1,306.72                |
| (iv) Cash and cash equivalents                          | 10       | 410.94                  | 530.77                  |
| (v) Bank balances                                       | 11       | 838.89                  | 756.81                  |
| (vi) Other financial assets                             | 8        | 114.19                  | 109.18                  |
| <b>Total Financial Asset</b>                            |          | <b>10,081.14</b>        | <b>3,783.04</b>         |
| (b) Current tax assets (Net)                            | 12       | 40.28                   | 60.50                   |
| (c) Other current assets                                | 9        | 51.08                   | 56.83                   |
| <b>Total Current Assets</b>                             |          | <b>10,172.50</b>        | <b>3,900.37</b>         |
| <b>Total Assets</b>                                     |          | <b>20,255.11</b>        | <b>15,022.26</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  |          | 4,419.40                | 5,353.99                |
| <b>Equity attributable to owners of the Company (I)</b> |          | <b>8,072.34</b>         | <b>9,006.93</b>         |
| <b>Non-controlling interests (II)</b>                   |          | <b>-</b>                | <b>(0.01)</b>           |
| <b>Total equity (I+II)</b>                              |          | <b>8,072.34</b>         | <b>9,006.92</b>         |
| <b>B LIABILITIES</b>                                    |          |                         |                         |
| <b>(1) Non Current Liabilities</b>                      |          |                         |                         |
| <b>(a) Financial Liabilities</b>                        |          |                         |                         |
| (i) Trade payables                                      | 14       | 4.82                    | -                       |
| (ii) Other financial liabilities                        | 15       | 49.77                   | -                       |
| <b>Total Financial Liabilities</b>                      |          | <b>54.59</b>            | <b>-</b>                |
| (b) Provisions  | 16       | 35.48                   | 62.40                   |
| (c) Other non current liabilities                       | 18       | 0.23                    | -                       |
| <b>Total Non Current Liabilities</b>                    |          | <b>90.30</b>            | <b>62.40</b>            |
| <b>(2) Current Liabilities</b>                          |          |                         |                         |
| <b>(a) Financial Liabilities</b>                        |          |                         |                         |
| (i) Borrowings  |          | -                       | -                       |
| (ii) Trade payables                                     | 14       | 8,504.84                | 4,837.56                |
| (iii) Other financial liabilities                       | 15       | 3,390.53                | 250.28                  |
| <b>Total Financial Liabilities</b>                      |          | <b>11,895.37</b>        | <b>5,087.82</b>         |
| (b) Other current liabilities                           | 18       | 158.72                  | 796.84                  |
| (c) Provisions  | 16       | 9.03                    | 68.28                   |
| (d) Current tax liabilities (Net)                       | 19       | 29.35                   | -                       |
| <b>Total Current Liabilities</b>                        |          | <b>12,092.47</b>        | <b>5,952.94</b>         |
| <b>Total Equity and Liabilities</b>                     |          | <b>20,255.11</b>        | <b>15,022.26</b>        |

Summary of Significant Accounting Policies

2.1

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

For Brahmaya & Co

Chartered Accountants

Firm Registration No. 000515

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



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

*Naval Mishra*  
Naval Mishra  
Whole Time Director  
DIN - 08183351

*Sanjay Kumar Bhardwaj*  
Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

*Sunny Mehta*  
Sunny Mehta  
Chief Financial Officer

*Anjali*  
Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



National Energy Trading and Services Limited  
Statement of Consolidated Profit and Loss for the year ended March 31, 2019

Rs. Lakhs

| Particulars   | Note No. | For the year ended March<br>31, 2019 | For the year ended March<br>31, 2018 |
|---|----------|--------------------------------------|--------------------------------------|
| I Revenue from Operations   | 20       | 22,935.54                            | 37,349.03                            |
| II Other Income   | 21       | 204.24                               | 322.98                               |
| III Total Income (I + II)   |          | 23,139.78                            | 37,672.01                            |
| IV EXPENSES   |          |                                      |                                      |
| Purchase of stock-in-trade  | 22       | 22,623.11                            | 37,010.57                            |
| Employee benefits expenses  | 23       | 231.93                               | 349.77                               |
| Finance cost  | 24       | 1.93                                 | 85.08                                |
| Depreciation and Amortization expense   | 25       | 0.22                                 | 7.00                                 |
| Other expenses  | 26       | 100.88                               | 169.49                               |
| Total Expenses (IV)   |          | 22,958.07                            | 37,621.91                            |
| V Profit / (Loss) before Exceptional Items and Tax (III - IV)                   |          | 181.71                               | 50.10                                |
| VI Exceptional Items  | 28       | (986.09)                             | -                                    |
| VII Profit / (Loss) before Tax (V - VI)   |          | (804.38)                             | 50.10                                |
| VIII Tax Expense  |          |                                      |                                      |
| Current tax / Minimum alternate tax (MAT) payable                               |          | 64.02                                | 26.95                                |
| Deferred tax  |          | 61.86                                | (8.59)                               |
| Total Tax Expense (VIII)  |          | 125.88                               | 18.36                                |
| IX Profit / (Loss) after Taxation before Non Controlling Interests (VII - VIII) |          | (930.26)                             | 31.74                                |
| Profit/(Loss) for the period attributable to:                                   |          |                                      |                                      |
| Owners of the Company   |          | (930.26)                             | 31.77                                |
| Non controlling interests   |          | -                                    | (0.03)                               |
| X Other Comprehensive Income  | 27       |                                      |                                      |
| Items that will not be reclassified to profit and loss                          |          | 4.26                                 | 9.40                                 |
| XI Total Comprehensive Income for the period (XIII + XIV)                       |          | (934.52)                             | 22.34                                |
| XII Earnings Per Equity Share   | 29       |                                      |                                      |
| Basic (Rs.)   |          | (2.55)                               | 0.09                                 |
| Diluted (Rs.)   |          | (2.55)                               | 0.09                                 |

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

Naval Kishore  
Whole Time Director  
DIN - 08183351

Sunny Mehta  
Chief Financial Officer

Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



National Energy Trading and Services Limited  
Consolidated Cash Flow Statement for the year ended March 31, 2019

|   | Rs. Lakhs                            |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended March<br>31, 2019 | For the year ended<br>March 31, 2018 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                      |                                      |
| Profit / (Loss) before Tax  | (804.40)                             | 50.10                                |
| Adjustments for:  |                                      |                                      |
| Depreciation and Amortization   | 0.22                                 | 7.00                                 |
| (Profit) / Loss on Sale of PPE, Intangible Assets   | -                                    | (0.01)                               |
| Net (gain)/loss recorded in profit or loss on financial assets / liabilities measured or designated as at fair value through profit or loss | 655.59                               | -                                    |
| Liabilities and Provisions no longer required written back  | (734.25)                             | (52.60)                              |
| Investment Impaired   | 1,065.00                             | -                                    |
| Interest Income   | (188.29)                             | (240.62)                             |
| Dividend Income   | (10.68)                              | (17.45)                              |
| Interest Expenses   | 1.93                                 | 85.08                                |
| <b>Cash Generated Before Working Capital Changes</b>  | <b>(14.88)</b>                       | <b>(168.50)</b>                      |
| <b>Movement In Working Capital</b>  |                                      |                                      |
| Increase / (Decrease) in Trade Payables   | 4,406.39                             | (6,624.96)                           |
| Increase / (Decrease) in Provisions   | (90.43)                              | 17.95                                |
| Increase / (Decrease) in Other Financial Liabilities  | 3,190.00                             | 200.56                               |
| Increase / (Decrease) in Other Liabilities  | (637.83)                             | (94.05)                              |
| (Increase) / Decrease in Trade Receivables  | (3,978.97)                           | 6,535.53                             |
| (Increase) / Decrease in Other Financial Assets   | (3,006.77)                           | (597.56)                             |
| (Increase) / Decrease in Other Assets   | 5.51                                 | 92.86                                |
| <b>Cash Generated From Operations</b>   | <b>(128.98)</b>                      | <b>(638.18)</b>                      |
| Direct Taxes Paid   | (4.28)                               | 12.45                                |
| <b>Net Cash Flow From / (Used in) Operating Activities</b>  | <b>(141.26)</b>                      | <b>(625.70)</b>                      |
| <b>B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>   |                                      |                                      |
| Proceeds from Sale of PPE, Intangible Assets  | (0.05)                               | 0.01                                 |
| Purchase of Non Current Investments - Fellow Subsidiaries   | (36.00)                              | (929.27)                             |
| Purchase of Non Current Investments - Subsidiaries  | (0.06)                               | -                                    |
| Maturities / (Purchase) of FDs/MMDs (Net)   | (82.18)                              | 28.28                                |
| Dividend Income received  | 10.68                                | 17.45                                |
| Interest Income Received  | 130.97                               | 1,096.21                             |
| <b>Net Cash Flow From / (Used in) Investing Activities</b>  | <b>23.36</b>                         | <b>212.67</b>                        |
| <b>C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>   |                                      |                                      |
| Proceeds from/(to) Short - Term Borrowings (Net)  | -                                    | -                                    |
| Interest Paid   | (1.93)                               | (85.08)                              |
| <b>Net Cash Flow From / (Used In) Financing Activities</b>  | <b>(1.93)</b>                        | <b>(85.08)</b>                       |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <b>(119.83)</b>                      | <b>(498.11)</b>                      |
| Cash and Cash Equivalents at the beginning of the year  | 530.77                               | 1,028.88                             |
| <b>Cash and Cash Equivalents at the end of the year</b>   | <b>410.94</b>                        | <b>530.77</b>                        |
| <b>Components of Cash and Cash Equivalents</b>  |                                      |                                      |
| Cash and cheques on Hand  | 0.19                                 | 0.15                                 |
| Balances with Banks   |                                      |                                      |
| -On Current Accounts  | 410.75                               | 530.62                               |
| -On Deposit Accounts  | -                                    | -                                    |
| Cheques, Drafts on hand   | -                                    | -                                    |
| <b>Cash and cash Equivalent (as per Note 10)</b>  | <b>410.94</b>                        | <b>530.77</b>                        |

Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

|  | For the year ended March<br>31, 2019 |
|--|--------------------------------------|
| Interest and other Financial Charges accrued and Paid for the year | (1.93)                               |
| <b>Total</b>   | <b>(1.93)</b>                        |
| <b>Total Movement</b>  | <b>(1.93)</b>                        |
| <b>Non Cash Changes :</b>  |                                      |
| Changes in Financing Cash flows                                    | (1.93)                               |

Notes:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements.
- 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. 0005115

*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

*Naval Kishore*

Naval Kishore

Whole Time Director

DIN - 08183351

*Sanjay Kumar Bhardwaj*

Sanjay Kumar Bhardwaj

Director

DIN - 08180543

*Sunny Mehta*

Sunny Mehta

Chief Financial Officer

*Anjali*

Anjali

Company Secretary

Membership no - A44162

Place: Gurugram

Date: 24th June, 2019

Place: Gurugram

Date: 24th June, 2019



National Energy Trading and Services Limited  
Statement of Changes in Equity for the year ended March 31, 2019  
Equity Attributable to the Owners of the Company

Rs. Lakhs

a. Equity share capital

| Particulars                                     | Number of Shares | In Lakhs | Amount   |
|---|------------------|----------|----------|
| Issued and Paid up Capital at April 1, 2017     |                  | 365.29   | 3,652.94 |
| Changes in equity share capital during the year |                  | -        | -        |
| Balance at March 31, 2018                       |                  | 365.29   | 3,652.94 |
| Changes in equity share capital during the year |                  | -        | -        |
| Balance at March 31, 2019                       |                  | 365.29   | 3,652.94 |

b. Other Equity

| Particulars  | Reserves and Surplus | Items of Other comprehensive Income    | Total Other Equity |
|--|----------------------|--|--------------------|
|  | Retained earnings    | Remeasurement of Defined Benefit Plans |                    |
| Balance as at 01.04.2017                                   | 5,364.33             | 2.33                                   | 5,366.66           |
| Profit for the year  | 31.77                | -                                      | 31.77              |
| Other Comprehensive Income after tax                       | -                    | (9.40)                                 | (9.40)             |
| Adjustment of Negative Capital Reserve (Refer Note No. 42) | (35.04)              | -                                      | (35.04)            |
| Balance as at 31.03.2018                                   | 5,361.06             | (7.07)                                 | 5,353.99           |
| Current year loss  | (930.26)             | -                                      | (930.26)           |
| Other Comprehensive Income after tax for the Period        | -                    | (4.26)                                 | (4.26)             |
| Adjustment of Negative Capital Reserve (Refer Note No. 42) | (0.07)               | -                                      | (0.07)             |
| Balance as at 31.03.2019                                   | 4,430.73             | (11.33)                                | 4,419.40           |

As per our report of even date.

For Brahmayya & Co  
Chartered Accountants  
Firm Registration No. 0005115

N.Venkata Suneel  
Partner  
Membership No. 223688



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

Naval Kishore  
Whole Time Director  
DIN - 08183351

Sunny Mehta  
Chief Financial Officer

Sahjay Kumar Bhardwaj  
Director  
DIN - 08180543

Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

### 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 Companies (Indian Accounting Standards) Rules, 2015, 2016 & 2017 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 pronouncements (if any)

##### Adoption of new and revised standards

Ind AS 115 — Revenue from Contracts with Customers, is effective for annual periods commencing on or after 1 April 2018. The standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue guidance. The standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer and permits either a full retrospective application or a modified retrospective approach for the adoption. The company adopted the standard under modified retrospective approach. Under Ind AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

##### Standards / Amendments to Standards issued but not yet effective

##### Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, company need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the company have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.





## **National Energy Trading and Services Limited**

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

The standard permits two possible methods of transition – (i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and (ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is in the process of assessing the impact of the initial application of the standard. The management believes that the application would not have a material impact on the Company's financial statements.

### **Amendment to Ind AS 12 – Income taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements and the management believes that the application would not have a material impact on the Company's financial statements.

### **Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- o to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- o to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements and the management believes that the application would not have a material impact on the Company's financial statements.

### ***(iv) Principles of Consolidation***

The financial statements have been prepared on the following basis:

#### **(a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases. The acquisition method of accounting is used to account for business combination by the Group.

#### **Acquisition method of accounting**

The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, contingent liability, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.



## **National Energy Trading and Services Limited**

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The excess of cost to the group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as Goodwill, being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the group, it is recognized as Capital Reserve and shown under the head Reserves and surplus, in the consolidated financial statements. The Goodwill /Capital Reserve is determined separately for each subsidiary company.

Non-controlling interests in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group, in order to arrive at the income attributable to shareholders.

### **(b) Associates**

Associates are all entities over which the Group has significant influence but no control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group. The carrying amount of the equity accounted investments are tested for impairment.

### **(c) Changes in the Group's ownership interests in subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests or reflect their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group ceases to consolidate on equity account for an investment because of a loss of control, or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit and loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest.



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

### (d) Uniform Accounting Policies

The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances across the Group.

Following subsidiary companies and associates have been considered in the preparation of the consolidated financial statements:

| Sr. No. | Name of company *                                       | Percentage of Ownership Interest |                      |
|---------|---|----------------------------------|----------------------|
|         |   | As at March 31, 2019             | As at March 31, 2018 |
|         | <b>Subsidiaries</b>                                     |                                  |                      |
| 1       | Lanco Operation and Maintenance Company Limited (LOMCL) | 100.00%                          | 99.88%               |

\* All Companies are incorporated in India.

### 2.1. 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 group'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 recognized in the financial statements.

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

The group 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 recognized, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

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

Key estimates related to long-lived assets (property, plant and equipment, intangible assets) 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 consolidated financial statements for the year ended March 31, 2019

### 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 and intangible asset 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. Business Combinations**

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognized in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard.

Purchase consideration in excess of the company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognized, after reassessment of fair value of net assets acquired, in the Capital Reserve.

## **III. Common Control**

A business combination involving entities or business under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interests method.

The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognized as capital reserve under equity

## **IV. 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



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

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 the statement of profit and loss account 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.

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 recognized 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.

## **V. Intangible Assets**

### **Other Intangible assets**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the 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.

## **VI. Financial Assets**

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

### **Initial recognition:**



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

All financial assets are recognized 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 amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

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

- a) Trade receivable
- b) Cash and cash equivalents
- c) 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 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 recognized in other comprehensive income (OCI).

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

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

**(iv) Investment in subsidiaries, fellow subsidiaries are carried at cost in the separate 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



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

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
- The contractual right to receive cash flows from financial asset is expired 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.

## VII. Impairment of Non-Financial Assets

At each reporting date, the group 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 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.

## VIII. 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.

## IX. Share Capital

Equity shares are classified as equity.

## X. Financial Liabilities

### *Initial recognition and measurement*



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

Financial liabilities are recognized when, and only when, the group becomes a party to the contractual provisions of the financial instrument. The group 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 – at amortized cost***

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

### ***De recognition***

A financial liability is de recognized 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 recognized in profit or loss.

## **XI. 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 recognized, 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 recognized 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-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized 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.

## **XII. Income Taxes**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income 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.





## **National Energy Trading and Services Limited**

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

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 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.

### **XIII. 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 / Counter 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 an inflow of economic benefits is probable.



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

### XIV. 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.

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.

### XV. Revenue Recognition

The company derives revenues primarily from business of Power Trading and trading of Solar Modules. The company collects Goods and Service Tax (GST) 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:

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

As per Ind AS 115 the Company has presented revenue from operations for certain contract with customers net of power purchase cost.



## National Energy Trading and Services Limited

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

The company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

1. Identify the contracts with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs; or
- b) The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The company assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

### Trading of power and solar modules

In the arrangements the company is acting as an agent, the revenue is recognized on net basis when the units of electricity are delivered to power procurers because this is when the company transfers control over its services and the customer benefits from the company such agency services.

The company determines its revenue on certain contracts net of power purchase cost based on the following factors:

- a. Another party is primarily responsible for fulfilling the contract as the company does not have the ability to direct the use of power supplied or obtain benefits from supply of power.
- b. The company does not have inventory risk before or after the power has been delivered to customers as the power is directly supplied to customer.
- c. The company has no discretion in establishing the price for supply of power. The company consideration in these contracts is only based on the difference between sales price charged to procurer and purchase price given to supplier.

For other contract which does not qualify the conditions mentioned above, revenue is determined on gross basis.

### Income from Services

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



## **National Energy Trading and Services Limited**

Notes and other explanatory information to consolidated financial statements for the year ended March 31, 2019

### ***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 recognized in profit or loss only when the right to receive payment is established.

## **XVI. 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.

## **XVII. 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.

## **XVIII. 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 Consolidated Financial Statements for the year ended March 31, 2019

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, 2017*       | 0.82                   | 25.22        | 4.46             | 30.50        |
| Additions                   | -                      | -            | -                | -            |
| Disposals                   | -                      | -            | 0.03             | 0.03         |
| <b>As at March 31, 2018</b> | <b>0.82</b>            | <b>25.22</b> | <b>4.43</b>      | <b>30.47</b> |
| Additions                   | -                      | -            | 0.05             | 0.05         |
| Disposals                   | -                      | -            | -                | -            |
| <b>As at March 31, 2019</b> | <b>0.82</b>            | <b>25.22</b> | <b>4.48</b>      | <b>30.52</b> |
| <b>Depreciation</b>         |                        |              |                  |              |
| As at April 01, 2017        | 0.30                   | 15.61        | 3.69             | 19.60        |
| Charged For the Period      | 0.15                   | 6.83         | -                | 6.98         |
| On Disposals                | -                      | -            | 0.03             | 0.03         |
| <b>As at March 31, 2018</b> | <b>0.45</b>            | <b>22.44</b> | <b>3.66</b>      | <b>26.55</b> |
| Charged For the Period      | 0.14                   | 0.07         | -                | 0.21         |
| On Disposals                | -                      | -            | -                | -            |
| <b>As at March 31, 2019</b> | <b>0.59</b>            | <b>22.51</b> | <b>3.66</b>      | <b>26.76</b> |
| <b>Net Block</b>            |                        |              |                  |              |
| As at March 31, 2018        | 0.37                   | 2.78         | 0.77             | 3.92         |
| As at March 31, 2019        | 0.23                   | 2.71         | 0.82             | 3.76         |

\* Note : Gross Block as on 01.04.2017 includes deemed cost (Gross Block - Accumulated Depreciation as on 31.03.2015) as per IndAS 101.

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**National Energy Trading and Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2019**

**4 Other Intangible Assets**

**Rs. Lakhs**

| <b>Particulars</b>          | <b>Owned Assets</b>      |
|-----------------------------|--------------------------|
|                             | <b>Computer Software</b> |
| <b><u>Gross Block</u></b>   |                          |
| <b>As at April 01, 2017</b> | -                        |
| Additions                   | -                        |
| Disposals                   | -                        |
| <b>As at March 31, 2018</b> | -                        |
| Additions                   | -                        |
| Disposals                   | -                        |
| <b>As at March 31, 2019</b> | -                        |
| <b><u>Amortisation</u></b>  |                          |
| <b>As at April 01, 2017</b> | -                        |
| Amortised For the Period    | -                        |
| On Disposals                | -                        |
| <b>As at March 31, 2018</b> | -                        |
| Amortised For the Period    | -                        |
| On Disposals                | -                        |
| <b>As at March 31, 2019</b> | -                        |
| <b><u>Net Block</u></b>     |                          |
| <b>As at March 31, 2018</b> | -                        |
| <b>As at March 31, 2019</b> | -                        |

\* Note : Gross Block as on 01.04.2017 includes deemed cost (Gross Block - Accumulated Depreciation as on 31.03.2015) as per IndAS 101.

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**National Energy Trading and Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2019**

| 5 Non Current Investments  | As at<br>March 31, 2019 | As at<br>March 31,<br>2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|----------------------------|-------------------------|-------------------------|
|  | No. Lakhs               | No. Lakhs                  | Rs. Lakhs               | Rs. Lakhs               |
| <b>Investment at Cost</b>  |                         |                            |                         |                         |
| <b>(i) Investment in Fellow Subsidiaries Companies</b>                             |                         |                            |                         |                         |
| Lanco Solar Energy Private Limited (Equity Shares of Rs 10 each)                   | 776.36                  | 773.82                     | 9,961.76                | 9,925.76                |
| <b>Total Equity Investment At Cost (i)</b>   |                         |                            | <b>9,961.76</b>         | <b>9,925.76</b>         |
| <b>(ii) Investments in Preference Shares</b>                                       |                         |                            |                         |                         |
| 0.001% CCPS Preference Shares in Pragdisa Power Private Limited (Refer Note no.28) | 106.50                  | 106.50                     | 1,065.00                | 1,065.00                |
| <b>Total Preference Investments at Cost (ii)</b>                                   |                         |                            | <b>1,065.00</b>         | <b>1,065.00</b>         |
| <b>Less: Allowance for impairment in the value of Investments (c)</b>              |                         |                            | (1,065.00)              |                         |
| <b>Total Non Current Investments (Net of provision) (i+ii)</b>                     |                         |                            | <b>9,961.76</b>         | <b>10,990.76</b>        |

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**National Energy Trading and Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2019**

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>13 Equity Share Capital</b>   |                         |                         |
| <b>Authorised</b>  |                         |                         |
| 1000 Lakhs March 31,2019, (March 31,2018 1000 Lakhs 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 Lakhs March 31,2019,(March 31,2018 365.29 Lakhs of Rs.10/- each ) Equity Shares of Rs. 10/- each, Fully Paid up | 3,652.94                | 3,652.94                |
| <b>Total Equity Share Capital</b>  | <b>3,652.94</b>         | <b>3,652.94</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 31,2019 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<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>Rs. Lakhs | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>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 (eg. 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<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>Rs. Lakhs | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>Rs. Lakhs |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Equity Shares of Rs. -10/- each fully paid up Held By holding company</b> |                                      |                                      |                                      |                                      |
| Lanco Infotech Limited (Refer Note no.41)                                    | 365.29                               | 3,652.94                             | 365.29                               | 3,652.94                             |

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

|  | As at<br>March 31, 2019<br>No. Lakhs | As at<br>March 31, 2019<br>% Holding in the class | As at<br>March 31, 2018<br>No. Lakhs | As at<br>March 31, 2018<br>% Holding in the class |
|--|--------------------------------------|---|--------------------------------------|---|
| <b>Equity Shares of Rs. -10/- each fully paid up Held By</b> |                                      |   |                                      |   |
| Lanco Infotech Limited (Refer Note no.41)                    | 365.29                               | 100.00%   | 365.29                               | 100%  |

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

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National Energy Trading and Services Limited  
Notes to Consolidated Financial Statements for the year ended March 31, 2019

| 14 Trade payables  | Non current    |                | Current         |                | Rs. Lakhs       |
|--|----------------|----------------|-----------------|----------------|-----------------|
|  | As at          | As at          | As at           | As at          |                 |
|  | March 31, 2019 | March 31, 2018 | March 31, 2019  | March 31, 2018 |                 |
| Trade Payables (including acceptances)   |                |                |                 |                |                 |
| (a) total outstanding dues of micro enterprises and small enterprises                      | -              | -              | 8,504.84        | -              | 4,837.56        |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 4.82           | -              | -               | -              | -               |
|  | <u>4.82</u>    | <u>-</u>       | <u>8,504.84</u> | <u>-</u>       | <u>4,837.56</u> |

| 15 Other financial liabilities      | Non current    |                | Current         |                | Rs. Lakhs     |
|-------------------------------------|----------------|----------------|-----------------|----------------|---------------|
|                                     | As at          | As at          | As at           | As at          |               |
|                                     | March 31, 2019 | March 31, 2018 | March 31, 2019  | March 31, 2018 |               |
| Salaries and other benefits Payable | -              | -              | 19.50           | -              | 11.89         |
| Other Payables                      | 49.77          | -              | 3,371.03        | -              | 238.37        |
|                                     | <u>49.77</u>   | <u>-</u>       | <u>3,390.53</u> | <u>-</u>       | <u>250.26</u> |

| 16 Provisions                  | Long Term      |                | Short Term     |                | Rs. Lakhs    |
|--------------------------------|----------------|----------------|----------------|----------------|--------------|
|                                | As at          | As at          | As at          | As at          |              |
|                                | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |              |
| Provision for Leave Encashment | 15.35          | 34.65          | 4.24           | -              | 36.28        |
| Provision for Gratuity         | 20.13          | 27.75          | 4.79           | -              | 32.00        |
|                                | <u>35.48</u>   | <u>62.40</u>   | <u>9.03</u>    | <u>-</u>       | <u>68.28</u> |

| 17 Deferred Tax Asset   |  |  | As at          |                | Rs. Lakhs    |
|---|--|--|----------------|----------------|--------------|
|   |  |  | March 31, 2019 | March 31, 2018 |              |
|   |  |  |                |                |              |
| Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books |  |  | -              | -              | 15.26        |
| Provision for Gratuity and Compensated Absences   |  |  | -              | -              | 26.76        |
| Provision for Expected Credit Loss  |  |  | -              | -              | 19.84        |
| Deferred Tax Asset  |  |  | <u>-</u>       | <u>-</u>       | <u>61.86</u> |

The Deferred Tax Assets will be recognized when it is probable that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Accordingly, no Deferred Tax Assets has been recognized.

| 18 Other liabilities                  | Non current    |                | Current        |                | Rs. Lakhs     |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|
|                                       | As at          | As at          | As at          | As at          |               |
|                                       | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |               |
| Advance from Customers                | -              | -              | 145.29         | -              | 783.97        |
| Taxes Payable (Other than Income Tax) | 0.23           | -              | 12.10          | -              | 11.07         |
| Employee Contributions Payable        | -              | -              | 1.33           | -              | 1.80          |
|                                       | <u>0.23</u>    | <u>-</u>       | <u>158.72</u>  | <u>-</u>       | <u>796.84</u> |

| 19 Current Tax Liabilities (Net)              | Long Term      |                | Short Term     |                | Rs. Lakhs |
|---|----------------|----------------|----------------|----------------|-----------|
|   | As at          | As at          | As at          | As at          |           |
|   | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |           |
| Provision for Taxation (Net of Advance taxes) | -              | -              | 29.35          | -              | -         |
|   | <u>-</u>       | <u>-</u>       | <u>29.35</u>   | <u>-</u>       | <u>-</u>  |



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National Energy Trading and Services Limited  
Notes to Consolidated Financial Statements for the year ended March 31, 2019

| 20 Revenue From Operations                                   | Rs. Lakhs                                |  |
|--|--|--|
|  | For the year ended March 31, 2019        | For the year ended March 31, 2018        |
| <b>Sale of Products</b>                                      |  |  |
| Electrical Energy (Refer Note no.30)                         | 22,935.54                                | 32,140.04                                |
| Solar Modules  | -  | 5,208.99                                 |
|  | <b>22,935.54</b>                         | <b>37,349.03</b>                         |
| <b>21 Other Income</b>                                       |  |  |
|  |  | <b>Rs. Lakhs</b>                         |
|  | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
| <b>Interest Income on</b>                                    |  |  |
| Deposits and Margin money                                    | 60.50                                    | 50.86                                    |
| Inter Corporate Loans (Refer Note no.36)                     | 127.79                                   | 189.76                                   |
| Others   | 5.17                                     | -  |
| <b>Dividend Income on</b>                                    |  |  |
| Current Investments  | 10.68                                    | 17.45                                    |
| Liabilities and Provisions no longer required written back   | -  | 52.60                                    |
| Net Profit on Sale of Assets                                 | -  | 0.01                                     |
| Miscellaneous Income   | 0.10                                     | 12.30                                    |
|  | <b>204.24</b>                            | <b>322.98</b>                            |
| <b>22 Purchase of stock-in-trade</b>                         |  |  |
|  |  | <b>Rs. Lakhs</b>                         |
|  | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
| Power Purchase (Refer Note no.30)                            | 22,623.11                                | 31,901.41                                |
| Purchases - Trading Materials                                | -  | 5,109.16                                 |
|  | <b>22,623.11</b>                         | <b>37,010.57</b>                         |
| <b>23 Employee Benefits Expenses</b>                         |  |  |
|  |  | <b>Rs. Lakhs</b>                         |
|  | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
| Salaries, allowances and benefits to employees               | 222.63                                   | 325.51                                   |
| Contribution to provident fund and other funds               | 3.45                                     | 18.36                                    |
| Recruitment and training                                     | 0.40                                     | 0.10                                     |
| Staff welfare expenses                                       | 5.45                                     | 5.80                                     |
|  | <b>231.93</b>                            | <b>349.77</b>                            |
| <b>24 Finance Cost</b>                                       |  |  |
|  |  | <b>Rs. Lakhs</b>                         |
|  | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
| Interest   | 0.06                                     | 0.12                                     |
| Other Borrowing Cost (Upfront Fees, Commitment Charges etc.) | 1.87                                     | 84.96                                    |
|  | <b>1.93</b>                              | <b>85.08</b>                             |
| <b>25 Depreciation And Amortization Expense</b>              |  |  |
|  |  | <b>Rs. Lakhs</b>                         |
|  | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
| Depreciation on PPE  | 0.22                                     | 7.00                                     |
|  | <b>0.22</b>                              | <b>7.00</b>                              |



**National Energy Trading and Services Limited**  
**Notes to Consolidated Financial Statements for the year ended March 31, 2019**

|  | Rs. Lakhs                            |                                      |
|--|--------------------------------------|--------------------------------------|
| 26 Other Expenses  | For the year ended March<br>31, 2019 | For the year ended<br>March 31, 2018 |
| Rent   | 5.87                                 | 11.73                                |
| Rates and taxes  | 41.20                                | 40.44                                |
| Donations  | -                                    | 9.91                                 |
| Office maintenance   | 5.75                                 | 14.79                                |
| Insurance  | 0.22                                 | 0.21                                 |
| Printing and stationery                                      | 0.71                                 | 0.73                                 |
| Consultancy and other professional charges                   | 27.61                                | 67.27                                |
| Net Loss on Fair valuation of Financial assets & liabilities | 0.24                                 | -                                    |
| Remuneration to auditors (As Auditor):                       | -                                    | -                                    |
| Audit fees   | 6.20                                 | 6.05                                 |
| ICFR fees  | 1.18                                 | 1.18                                 |
| Travelling and conveyance                                    | 2.95                                 | 7.04                                 |
| Communication expenses                                       | 1.34                                 | 2.17                                 |
| Business Promotion and Advertisement                         | 0.10                                 | 0.03                                 |
| Miscellaneous expenses                                       | 7.51                                 | 7.94                                 |
|  | <b>100.88</b>                        | <b>169.49</b>                        |

|   | Rs. Lakhs                            |                                      |
|---|--------------------------------------|--------------------------------------|
| 27 Other Comprehensive Income                             | For the year ended March<br>31, 2019 | For the year ended<br>March 31, 2018 |
| (A) Items that will not be reclassified to profit or loss |                                      |                                      |
| Remeasurements of the defined benefit plans;              | (4.26)                               | (9.40)                               |
|   | <b>(4.26)</b>                        | <b>(9.40)</b>                        |



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**National Energy Trading and Services Limited**  
**Notes and other explanatory information to Consolidated Financial Statements for the year ended March 31, 2019**

**28 Exceptional Items**

b) During the current financial year, the company has assessed the recoverability of certain long outstanding financial assets and accordingly Rs.655.35 lakhs has been written off.

c) During the current financial year, the company has assessed the long outstanding liability accordingly Rs.734.25 lakhs has been written back.

**29 Earning Per Share (EPS)**

|  |           | Rs. Lakhs      |                |
|--|-----------|----------------|----------------|
|  |           | March 31, 2019 | March 31, 2018 |
| <b>Total Operations for the year</b>                     |           |                |                |
| Profit attributable to Equity Holders                    | (A)       | (930.26)       | 31.74          |
| 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>Earning per Equity share</b>                          |           |                |                |
| Basic  | (A) / (B) | (2.55)         | 0.09           |
| Diluted  | (A) / (C) | (2.55)         | 0.09           |

**30** Ind AS 115, 'Revenue from Contracts with Customers' notified on 28 March 2018, has been made effective from 1 April 2018. The implication of Ind AS 115 does not have any material impact on the financial statement. However in view of implementation of new standards, in regards to sale of power through exchange has been recognized as revenue by netting the cost of purchase of power as against earlier practice of full value to be included in Revenue. As result Revenue from operation and electricity purchased for trading as agent has declined by Rs 10,546.96 Lakhs.

The company has applied Ind AS 115 using the cumulative effect method and therefore the comparative number has not been restated hence the figures of previous year remain same as reported earlier and no cumulative adjustment was required as at 1st April 2018.

**31 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.20 Lakhs. The plan for the same is unfunded / funded.

|   | Rs. Lakhs      |                |
|---|----------------|----------------|
|   | March 31, 2019 | March 31, 2018 |
| <b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b> |                |                |
| Current service cost  | 4.16           | 2.85           |
| Past service cost   | -              | 0.47           |
| Interest cost on benefit obligation   | 2.54           | 1.50           |
| <b>Sub Total</b>  | <b>6.70</b>    | <b>4.82</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   | 0.87           | (1.41)         |
| iii. Experience Adjustments on obligation   | 3.39           | 10.81          |
| <b>Sub Total</b>  | <b>4.26</b>    | <b>9.40</b>    |
| <b>Net benefit expense</b>  | <b>10.96</b>   | <b>14.02</b>   |
| <b>Balance Sheet</b>  |                |                |
| <b>Benefit asset / liability</b>  |                |                |
| Present value of defined benefit obligation   | 24.93          | 35.77          |
| <b>Assets / (Liability) recognized in the balance sheet</b>   | <b>(24.93)</b> | <b>(35.77)</b> |
| <b>Change in the present value of the defined benefit obligation</b>  |                |                |
| Opening defined benefit obligation  | 35.77          | 21.40          |
| Benefit transferred in  | -              | 2.39           |
| Benefits paid   | (21.81)        | (2.03)         |
| <b>Expenses Recognised in Statement of Profit and Loss Account</b>  |                |                |
| Current service cost  | 4.16           | 2.85           |
| Interest cost on benefit obligation   | 2.54           | 1.50           |
| Past service cost   | -              | 0.47           |
| <b>Recognised In Other Comprehensive Income</b>   |                |                |
| Actuarial (gain)/loss on obligation   | 4.26           | 9.40           |
| <b>Closing defined benefit obligation</b>   | <b>24.93</b>   | <b>35.78</b>   |
| <b>Assumptions</b>  |                |                |
| Discount Rate (%)   | 7.00%          | 8.00%          |
| Attrition Rate%   | 20.00%         | 20.00%         |
| Expected rate of salary increase (%)  | 6.00%          | 6.00%          |
| Expected Average Remaining Service (years)  | 23.84          | 23.67          |
| Expected Average Remaining Service/mortality and withdrawal (years)   | 6.06           | 6.17           |

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.



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

|                | Rs. Lakhs   |                     |  |
|----------------|---|---------------------|--|
|                | Present value of<br>Defined benefit<br>obligation | Surplus / (deficit) | Experience<br>adjustments on plan<br>liabilities |
| March 31, 2019 | 24.93   | (24.93)             | (3.39)   |
| March 31, 2018 | 35.77   | (35.77)             | (10.81)  |
| 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)   |

**Sensitivity analysis of the defined benefit obligation**

| Particulars                             | 1% Increase |        | 1% Decrease |        |
|---|-------------|--------|-------------|--------|
|   | 2019        | 2018   | 2019        | 2018   |
| Impact of the change in discount rate   | (0.87)      | (0.72) | 0.94        | 0.75   |
| Impact of the change in salary increase | 0.85        | 0.67   | (0.84)      | (0.67) |

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. 7.40 Lakhs (Previous year : Rs 10.96 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

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

Rs. Lakhs

|  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| <b>i Claims against the company not accepted by the company</b>                          |                |                |
| Amount withheld by Tamil Nadu Generation and Distribution Corporation towards penalties* | 600.00         | 600.00         |

NETS had filed a petition before TNERC against the deduction of Rs.800 Lakhs equivalent to bid bond value from the bills issued by NETS. TANGEDCO had deducted the amount due to non-disclosure of complete facts as well as participation in the bid without having sufficient fuel allocation. The matter is pending in Honorable Supreme Court adjourned for filing of counter affidavit & rejoinder affidavit, if any.

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.

iii NETS has entered into a contract on 25-01-2012 with TANGEDCO for supply of electricity under MTOA from 01-10-2012 to 30-09-2018, electricity was supplied by TANGEDCO using escalation index rate specified by CERC at that time for payment of Escalable Capacity charges and Escalable energy charges. On 08-02-2017 CERC issued various notifications for amending the original notifications issued in 2012 and 2013 revising the Annual Escalation Rate. TANGEDCO has filed writ petition with Hon'ble High Court of Delhi against CERC notification issued on 08-02-2017. Delhi High court vide its interim order dated 07-02-2018 and 25-05-2018 has stayed the operation of the notification issued by the CERC dated 08-02-2017 till the date of next hearing. If the petition is dismissed by court, NETS will be liable to pay to TANGEDCO the difference between energy charges calculated as per old escalation index and new escalation index and NETS can recover the same from Lanco Anpara Power Limited.

32A During the FY 2018-19, NETS has given Rs.3,000 Lakhs as Security deposit in lieu of bank guarantee for supply of electricity to TANGEDCO for the period April 2018 to January 2019. In May 2019, NETS vide its letter dated 28-05-2019 has requested TANGEDCO to release the Security deposit. TANGEDCO has filed writ petition with Hon'ble High Court of Delhi against CERC notification issued on 08-02-2017 as detailed in the note no 32(iii). The company is of the view that ultimate recoverability of the security amount would dependent on the final outcome of the order.

33 The Company had entered into short term power supply agreement in 2007 with Damodar Valley Corporation (DVC), however the power supplied fall short of the minimum guaranteed supply of 70% of the contract quantity, further DVC has cancelled the said agreement. Inability to supply power by DVC, company has claimed Rs.88.64 Lakhs from DVC. During the current year, court has passed the order in favour of the company to claimed the amount with interest 18%. However the company has not made any adjustment in books. Considering the right with DVC to file further appeal against the order and the same will be accounting as and when the money will be received from the party.

34 The Company had supplied the power from Lanco Kondapalli Power Limited and M/s Sterlite Energy Limited after TANGEDCO had invited bids for a short term procurement of power. NETS has filed claim for recovery of surcharge of Rs.3,313 Lakhs on 23.05.2014 against delay in payment of energy charges by TANGEDCO. The company has filed appeal before TNERC on 28.07.2014 against which reply has been filed by TANGEDCO. Further date of hearing is yet to be provided by the TNERC.

**35 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.

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30 **RELATED PARTY DISCLOSURE**

a) Name of Related parties and description of relationship

| Description of Relationship  | Name   |
|--|--|
| Parent Company   | Lanco Infrotech Limited (LITL) (Refer Note No.41)  |
| Subsidiary Companies   | Lanco Operation and Maintenance Limited (LOMPL)  |
| Fellow Subsidiaries  | Lanco Anpara Power Limited (LAnPL)**<br>Lanco Solar Energy Private Limited (LSEPL) (Refer note no.40)<br>Lanco Babandh Power Limited (LBPL) (Refer Note No.38)<br>Lanco Hydro Power Limited (LHPL)<br>Lanco Power Limited (LPL)<br>Lanco Thermal Power Limited (LTPL)<br>Lanco Vidarbha Thermal Power Limited (LVTPL)<br>Lanco Mandakini Hydro Energy Pvt Ltd (LMHEPL)<br>Mercury Projects Private Limited (MPPL)<br>Dione Properties Private Limited (DPPL)<br>Lanco Tanjore Power Company Limited (LTPCL)<br>Lanco Amarkantak Power Limited (LAPL)<br>Lanco Kondapalli Power Limited (LKPL)* |
| Key Management Personnel   | Mr. Naval Kishore (From July 26, 2018)<br>Mr. MCS Reddy<br>Mr. Niharendu Senyal (From November 12, 2018)<br>Ms. Kanika Sukheeja<br>Mr. TNKS Murty (Upto April 30, 2018)<br>Mr. BRK Rao (Upto September 25, 2018)<br>Ms. Trina Lakhmani (Upto May 14, 2018)   |
| Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the company | Pragadisa Power Private Limited (PPPL)<br>Lanco Teesta Hydro Power Limited (LTHPL)<br>Lanco Kondapalli Power Limited (LKPL)*<br>Lanco Anpara Power Limited (LAnPL)**   |

\* Lanco Kondapalli Power Limited (LKPL) is fellow subsidiary till 21st November, 2017.

\*\*Lanco Anpara Power Limited (LAnPL) is fellow subsidiary till 5th January, 2019.



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National Energy Trading and Services Limited  
Notes and other explanatory information to Consolidated Financial Statements for the year ended March 31, 2019

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

| Nature of Transaction   | For the Year ended March 31, 2019 |        |                      |        |                     |        |                          |        |  |        | Rs. Lakhs |
|---|-----------------------------------|--------|----------------------|--------|---------------------|--------|--------------------------|--------|--|--------|-----------|
|   | Parent Company                    |        | Subsidiary Companies |        | Fellow Subsidiaries |        | Key Management Personnel |        | Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the company |        |           |
|   | Party Name                        | Amount | Party Name           | Amount | Party Name          | Amount | Party Name               | Amount | Party Name   | Amount |           |
| <b>Income</b>   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Interest Received on Interpolate Loans                                    |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Electricity Transmission Services   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Commission & Brokerage  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Liabilities no longer required written back                               |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| <b>Expense</b>  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Contract Services / Shared Services Availed                               | LITL                              | 5.03   |                      |        |                     |        |                          |        |  |        |           |
| Purchase of Goods/Power (Net of Rebate)                                   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Management Consultancy Charges  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Rent Paid   | LITL                              | 5.87   |                      |        |                     |        |                          |        |  |        |           |
| Managerial Remuneration   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Short Term Employee Benefits  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Post Employment Benefits  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Bad Debts Written Off   | LITL                              | 27.94  |                      |        |                     |        |                          |        |  |        |           |
| <b>Other Transactions</b>   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Purchase / (Sale) of Shares   |                                   |        | LOMCL                | 0.08   | DPPL                | 36.00  |                          |        |  |        |           |
| Purchase of Printer   |                                   |        |                      |        | LAPL                | 0.05   |                          |        |  |        |           |
| Expenditure incurred by Company on Behalf of Related Parties - Reimbursed |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Loan given during the year  |                                   |        | LOMCL                | 9.00   |                     |        |                          |        |  |        |           |
| <b>Period End Balances</b>  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| <b>Payables</b>   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Trade Payables  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Other Payables  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Other Payables  |                                   |        |                      |        | MPPL                | 16.20  |                          |        |  |        |           |
| Other Payables  |                                   |        |                      |        | LAPL                | 0.05   |                          |        |  |        |           |
| Other Payables  |                                   |        |                      |        | LSEPL               | 211.21 |                          |        |  |        |           |
| Security Deposit Payable  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| <b>Receivables</b>  |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Loans Receivable ICD  |                                   |        | LOMCL                | 9.00   | LPL                 | 983.00 |                          |        |  |        |           |
| Other Receivables - Interest receivable on ICD                            |                                   |        |                      |        | LPL                 | 103.30 |                          |        |  |        |           |
| Other Receivables   |                                   |        |                      |        | LBPL                | 1.50   |                          |        |  |        |           |
| Other Receivables   |                                   |        |                      |        | LMHEPL              | 0.06   |                          |        |  |        |           |
| Other Receivables   |                                   |        |                      |        | LVTPL               | 0.02   |                          |        |  |        |           |
| <b>Others</b>   |                                   |        |                      |        |                     |        |                          |        |  |        |           |
| Investments   |                                   |        |                      |        |                     |        |                          |        | PPPL   |        | 1,065.00  |





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

| Nature of Transaction   | For the Year ended March 31, 2018 |        |                      |        |                     |           |                          |        |  |          |
|---|-----------------------------------|--------|----------------------|--------|---------------------|-----------|--------------------------|--------|--|----------|
|   | Parent Company                    |        | Subsidiary Companies |        | Fellow Subsidiaries |           | Key Management Personnel |        | Enterprise owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the company |          |
|   | Party Name                        | Amount | Party Name           | Amount | Party Name          | Amount    | Party Name               | Amount | Party Name   | Amount   |
| <b>Income</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Sales of Goods / Power  |                                   |        |                      |        |                     |           |                          |        |  |          |
| Sales of Goods / Power  | LITL                              | 61.97  |                      |        | LSEPL               | 5,208.99  |                          |        | LKPL   | 1.18     |
| Interest Received on Inter Corporate Loans                                |                                   |        |                      |        | LPL                 | 127.79    |                          |        |  |          |
| <b>Expense</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| Contract Services / Shared Services Availed                               | LITL                              | 12.70  |                      |        | LAnPL               | 19,722.82 |                          |        |  |          |
| Purchase of Goods/Power   |                                   |        |                      |        | LBPL                | 55.84     |                          |        |  |          |
| Consultancy Charges   |                                   |        |                      |        | LBPL                | 3.50      |                          |        |  |          |
| Travelling Domestic   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Rent Paid   | LITL                              | 11.73  |                      |        |                     |           |                          |        |  |          |
| <b>Other Transactions</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Purchase / (Sale) of Shares   |                                   |        | LOMCL                | 49.99  | LAnPL               | 43.87     |                          |        |  |          |
| Expenditure incurred by Company on Behalf of Related Parties - Reimbursed |                                   |        |                      |        |                     |           |                          |        |  |          |
| <b>Period End Balances</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| <b>Payables</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Balance Payables at the year end  |                                   |        |                      |        | LAnPL               | 1,294.91  |                          |        | LKPL   | 1,951.82 |
| Other Payables  |                                   |        |                      |        | LBPL                | 12.28     |                          |        |  |          |
| <b>Receivables</b>  |                                   |        |                      |        |                     |           |                          |        |  |          |
| Balance Receivable at the year end - Inter Corporate Loans                |                                   |        |                      |        | LPL                 | 983.00    |                          |        |  |          |
| Balance Receivable - Interest Receivable on Inter Corporate Loans         | LITL                              | 5.35   |                      |        | LPL                 | 40.53     |                          |        |  |          |
| Balance Receivables at year end - Others                                  | LITL                              | 1.19   | LOMCL                | 0.02   | LHPL                | 0.05      |                          |        | LTHPL  | 3.66     |
| Balance Receivables at year end - Others                                  |                                   |        |                      |        | LTPL                | 0.02      |                          |        |  |          |
| Balance Receivables at year end - Trade Receivables                       |                                   |        |                      |        | LSEPL               | 178.88    |                          |        |  |          |
| <b>Others</b>   |                                   |        |                      |        |                     |           |                          |        |  |          |
| Investments   |                                   |        |                      |        |                     |           |                          |        | PPPL   | 1,045.00 |



### 37 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. As part of this monitoring, 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, borrowings or undertake other restructuring activities as appropriate.

#### b. Financial Risk Management Framework

The 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 credit worthiness 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 2019 | 60.00                            | 60.00                  | -                             |
| As at 31 March 2018 | 60.00                            | 60.00                  | -                             |
| As at 31 March 2017 | 60.00                            | 60.00                  | -                             |

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

##### ii. Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The company monitors its risk to a shortage of funds.

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                                  | Rs. Lakhs        |                  |
|--|------------------|------------------|
|  | Less than 1 year | More than 1 year |
| <b>31 March 2019</b>                         |                  |                  |
| Trade Payables & Other Financial Liabilities | 8,690.23         | 3,259.75         |
| <b>Total</b>                                 | <b>8,690.23</b>  | <b>3,259.75</b>  |
| <b>31 March 2018</b>                         |                  |                  |
| Trade Payables & Other Financial Liabilities | 1,209.52         | 3,878.30         |
| <b>Total</b>                                 | <b>1,209.52</b>  | <b>3,878.30</b>  |

**c. Financial instruments by category**

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

| Particulars                                | Rs. Lakhs             |
|--|-----------------------|
|  | March 31, 2019        |
| <b>Amortised Cost</b>                      |                       |
| <b>Financial assets</b>                    |                       |
| Investments                                |                       |
| Equity Shares                              | 9,961.76              |
| Preference shares                          | -                     |
| Trade receivables and unbilled receivables | 4,402.94              |
| Loans                                      | 4,379.08              |
| Cash and cash equivalents                  | 410.94                |
| Bank Balances                              | 838.99                |
| Other Financial Assets                     | 166.28                |
| <b>Total</b>                               | <b>20,159.99</b>      |
| <b>Financial liabilities</b>               |                       |
| Trade payables                             | 8,509.67              |
| Other Financial Liabilities                | 3,440.31              |
| <b>Total</b>                               | <b>11,949.98</b>      |
|  | <b>March 31, 2018</b> |
|  | <b>Amortised Cost</b> |
| <b>Financial assets</b>                    |                       |
| Investments                                |                       |
| Equity Shares                              | 9,925.76              |
| Preference shares                          | 1,065.00              |
| Trade receivables and unbilled receivables | 1,079.56              |
| Loans                                      | 1,372.07              |
| Cash and cash equivalents                  | 530.77                |
| Bank Balances                              | 756.81                |
| Other Financial Assets                     | 109.18                |
| <b>Total</b>                               | <b>14,839.15</b>      |
| <b>Financial liabilities</b>               |                       |
| Trade payables                             | 4,837.56              |
| Other Financial Liabilities                | 250.26                |
| <b>Total</b>                               | <b>5,087.82</b>       |

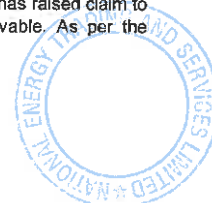
38 Vide Order Dated 29-08-2018 of National Company Law Tribunal(NCLT), the fellow subsidiary company i.e., M/s Lanco Babandh Power Limited (LBPL) is under CIRP Process. The balance recoverable as on 31st March, 2019 is Rs.1.50 Lakhs and claim has been filed with the Insolvency Resolutional Professional.

39 The company has given loan to one of the fellow subsidiaries of the company (LPL) during the previous years. Total loan outstanding as on 31.03.2019 is Rs.983 Lakhs and interest outstanding is Rs.103.30 Lakhs. LPL has positive net worth as per the latest audited financial statement available. Accordingly the company has made no adjustment in the books of account as on 31.03.2019.

40 The company has made investment in one of the fellow subsidiary of the Company Lanco Solar Energy Private Limited (LSEPL). LSEPL has been referred to NCLT by one of the lender of LSEPL. NCLT Order dated 14.06.2019 has initiated Corporate Insolvency Resolution Process ("CIRP") and Resolution professional has been appointed with order dated 14.06.2019. The Resolution professional ("RP") is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditor ("CoC") and the NCLT. The CIRP is not yet concluded and hence, the final-outcome is yet to be ascertained. Pending outcome of resolution process no adjustments has been made towards the carrying value of the Company's investment in LSEPL amounting to Rs.9,961.76 Lakhs as at March 31, 2019 in the accompanying financial statements.

41 Upon application filed by the lenders of the Holding company i.e., M/s Lanco Infratech Limited (LITL), Corporate Insolvency Resolution Process (CIRP) was initiated under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") by the Order of National Company Law Tribunal (NCLT) with effect from 07th August 2017.

During the current year as no resolution plan has been approved by the CoC, NCLT has passed order date 27-08-2018 appointing Shri. Savan Godiavala as the Liquidator and directed him to initiate liquidation process under chapter -III of IBC, 2016 by following the liquidation process stated in IBBI (Liquidation Process), Regulations, 2013. As on March 31, 2019 the liquidation process is in progress. Company has raised claim to the Liquidator of LITL, dated: 24-09-2018, for an amount of Rs.27.94 Lakhs (net of payable) towards outstanding receivable. As per the information available at LITL website claim has been admitted.



**National Energy Trading and Services Limited**

**Notes and other explanatory information to Consolidated Financial Statements for the year ended March 31, 2019**

**42 Disclosure pursuant to Ind AS 103 "Business Combinations":  
Business Combination under common control**

Lanco Operation and Maintenance Company Limited (LOMCL) was engaged in the business of contractors for construction or demolition work of any kind, acquire and develop lands, real estate agents, purchase or otherwise acquire or deal in building materials. On 18th January 2018, National Energy Trading and Services Limited (NETS) has acquired the 99.88% shares of Lanco Operation and Maintenance Company Limited (LOMCL) from "Lanco Thermal Power Limited" and settle the consideration amount against receivable from "Lanco Power Limited" (the holding company of "Lanco Thermal Power Limited") and on 25th April, 2018 NETS has further purchased 0.12% shares of Lanco Operation and Maintenance Company Limited (LOMCL) from Minority Shareholders.

Further the business combination is accounted using pooling of interest method, involving the following:

- The assets and liabilities of Lanco Operation and Maintenance Company Limited (LOMCL) are reflected at their carrying amounts.
- No adjustment is made to reflect the fair value, or recognize any new asset or liability.
- Goodwill is not recognized separately.

d. The excess of amount of share capital of LOMCL over the amount of investment by the company in LOMCL is treated as Negative Capital Reserve in the company's financial statements and the same has been adjusted with the Reserve and Surplus of the company in the consolidated Balance Sheet.

**43 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.

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

**45 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. 223011



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

*Naval Kishore*  
Naval Kishore  
Whole Time Director  
DIN - 08183351

*Sanjay Kumar Bhardwaj*  
Sanjay Kumar Bhardwaj  
Director  
DIN - 08180543

*Sunny Mahla*  
Sunny Mahla  
Chief Financial Officer

*Anjali*  
Anjali  
Company Secretary  
Membership no - A44162

Place: Gurugram  
Date: 24th June, 2019

Place: Gurugram  
Date: 24th June, 2019

