



NATIONAL ENERGY TRADING AND SERVICES LTD

BALANCE SHEET

As on 31st March 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of National Energy Trading and Services Limited

Report on the Ind AS financial statements

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

Management's Responsibility for the Ind AS financial statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note no 31 to the Ind AS financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The company had provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer to Note no. 37 to Ind AS Financial Statement.

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

N. Venkata Suneel

N.VenkataSuneel
Partner
Membership No. 223688



Place: Gurugram
Date: May 17, 2017

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

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

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

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



Brahmayya & co.

Chartered Accountants

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

Place: Gurugram
Date: May 17, 2017

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

N. Venkata Suneel

N. Venkata Suneel
Partner
Membership No. 223688



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

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

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

Management’s Responsibility for Internal Financial Controls

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

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Gurugram
Date: May 17, 2017

For Brahmayya & Co.,
Chartered Accountants
Firm's Regn.No :00051115

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



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

Rs. Lakhs

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

Summary of Significant Accounting Policies 2.2

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

For Brahmayya & Co
Chartered Accountants

Firm Registration No. 000511

N.Venkata Suneel
Partner
Membership No. 223688



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

N.Narasimha Murthy Raju
Whole time Director
DIN - 06862293

K. Raja Gopal
Director
DIN - 00019958

Naval Kishore
Chief Financial Officer

Mukesh Jain
Company Secretary

Place: Gurugram
Date: 17th May, 2017

Place: Gurugram
Date: 17th May, 2017



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

Rs. Lakhs

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

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

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

N.Venkata Suneel
Partner
Membership No. 223688



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

N.Narasimha Murty Raju
Whole time Director
DIN - 06862293

K. Raja Gopal
Director
DIN - 00019958

Nayal Kishore
Chief Financial Officer

Mukesh Jain
Company Secretary

Place: Gurugram
Date: 17th May, 2017

Place: Gurugram
Date: 17th May, 2017



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

Rs. In Lakhs

a. Equity share capital

Particulars	Number of Shares (In Lakhs)	Amount
Issued and Paid up Capital at April 1, 2015	365.29	3,652.94
Changes in equity share capital during the year	-	-
Balance at March 31, 2016	365.29	3,652.94
Changes in equity share capital during the year		
Balance at March 31, 2017	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 01.04.2015	5,052.87	3.21	5,056.07
Profit for the year	211.47		211.47
Other Comprehensive Income for the Period		(2.58)	(2.58)
Balance as at 31.03.2016	5,264.33	0.62	5,264.96
Profit for the year	100.00		100.00
Other Comprehensive Income for the Period		1.71	1.71
Balance as at 31.03.2017	5,364.33	2.33	5,366.66

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

N.Venkata Suneel
Partner
Membership No. 223688



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

N.Narasimha Murty Raju
Whole time Director
DIN - 06862293

Naval Kishore
Chief Financial Officer

K. Raja Gopal
Director
DIN - 00019958

Mukesh Jain
Company Secretary

Place: Gurugram
Date: May 17, 2017

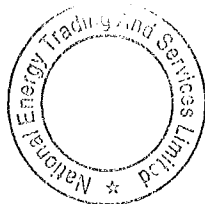
Place: Gurugram
Date: May 17, 2017



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

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

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

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

Notes:

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

As per our report of even date.

For Brahmayya & Co

Chartered Accountants

Firm Registration No. 0005111S

N. Venkata Suneel

N.Venkata Suneel

Partner

Membership No. 223688



For and on behalf of the Board of Directors

National Energy Trading and Services Limited

N. Narasimha Murthy Raju

N.Narasimha Murthy Raju

Whole time Director

DIN - 06862293

K. Raja Gopal

K. Raja Gopal

Director

DIN - 00019958

Naval Kishore

Naval Kishore

Chief Financial Officer

Mukesh Jain

Mukesh Jain

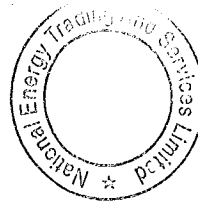
Company Secretary

Place: Gurugram

Date: 17th May, 2017

Place: Gurugram

Date: 17th May, 2017



National Energy Trading and Services Limited

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

1. Corporate Information

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

2. Basis of preparation

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

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

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

(iii) Recent accounting pronouncement

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

Amendment to Ind AS 7

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

Amendment to Ind AS 102

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



National Energy Trading and Services Limited

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

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

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

2.1 First Time Adoption of Ind-AS

Transition to Ind AS

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

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

Exemptions and Exceptions availed

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

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

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



National Energy Trading and Services Limited

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

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

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

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

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

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

2.2 Summary of significant accounting policies

I. Significant Accounting Estimates and Judgments

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

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

Use of estimation and assumptions

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

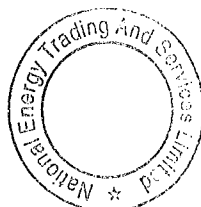
Income tax

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

Property, plant and equipment & Intangible Assets

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

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



National Energy Trading and Services Limited

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

Employee Benefits- Measurement of Defined Benefit Obligation

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

Critical judgments made in applying accounting policies

Impairment of plant & equipment and Intangible assets

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

Expected credit loss

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

II. Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

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

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

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

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

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



National Energy Trading and Services Limited

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

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

Depreciation

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

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

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

III. Intangible Assets

Other Intangible assets

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

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

IV. Financial Assets

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

Initial recognition:

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

Subsequent Measurement:

(i) Financial assets measured at amortised cost:

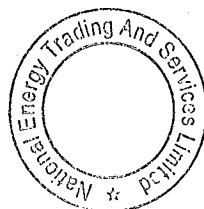
Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount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

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

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

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

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



National Energy Trading and Services Limited

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

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

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

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

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

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

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

Impairment of Financial Assets:

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

(i) Trade Receivables

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

(ii) Other financial assets

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

De-recognition of financial assets

A financial asset is derecognized only when:

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

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

V. Impairment of Non-Financial Assets

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



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

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

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

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

VI. Cash and Cash equivalents

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

VII. Share Capital

Equity shares are classified as equity.

VIII. Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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



National Energy Trading and Services Limited

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

De recognition

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

IX. Employee Benefits

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

X. Income Taxes

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

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

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

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

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

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



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

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

XI. Provisions , Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

Contingent liability is disclosed in case of

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

Contingent Assets

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

XII. Fair Value Measurements

Company uses the following hierarchy when determining fair values:

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

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

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



National Energy Trading and Services Limited

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

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

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

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

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

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

XIII. Revenue Recognition

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

Sale of Energy

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

Sale of Solar Modules

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

Income from Services

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

Interest

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

Dividends

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



National Energy Trading and Services Limited

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

XIV. Earnings per Share

Basic earnings per share are calculated by dividing:

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

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

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

XV. Segmental Reporting

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

XVI. Rounding of amounts

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

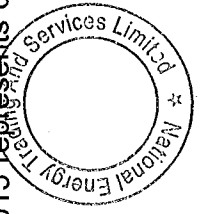


National Energy Trading and Services Limited
Notes to financial statements for the year ended March 31, 2017
3 Property, Plant and Equipment

Rs. Lakhs

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

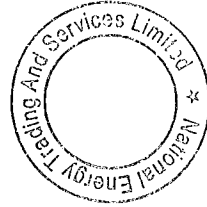
* Note : Gross Block as on 01.04.2015 represents deemed cost (Gross Block - Accumulated Depreciation as on 31.03.2015) as per IndAS 101.



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

4 Other Intangible Assets

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



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

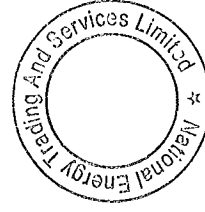
National Energy Trading and Services Limited

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

5 Non Current Investments

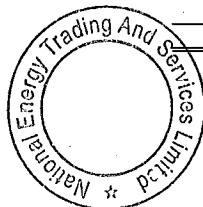
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
	No. In Lakhs	No. In Lakhs	Rs. in Lakhs	Rs. in Lakhs
(At Cost)				
(i) Investment in Fellow Subsidiaries Companies				
Lanco Solar Energy Private Limited (Equity Shares of Rs 10 each)	621.63	621.63	7,546.48	7,546.48
(ii) Investments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

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

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



13 Equity Share Capital

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

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

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

	As at Mar 31, 2017 No. Lakhs	As at Mar 31, 2017 Rs. Lakhs	As at Mar 31, 2016 No. Lakhs	As at Mar 31, 2016 Rs. Lakhs
Equity Shares of Rs10/- Each, Fully paid up				
At the Beginning	365.29	3,652.94	365.29	3,652.94
At the end	365.29	3,652.94	365.29	3,652.94

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

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

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

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

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

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

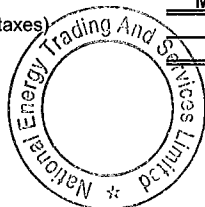
The above information is as per register of share holders / members.

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

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



21 Revenue From Operations

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Products		
Electrical Energy	38,010.59	59,767.30
Solar Modules	20,916.79	5,982.42
Gross Revenue from Operations	58,927.38	65,749.72

22 Other Income

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income on		
Deposits and Margin money	81.76	104.78
Inter Corporate Loans	351.01	594.46
Dividend Income on		
Current Investments	7.38	42.58
Liabilities and Provisions no longer required written back	58.10	33.43
Miscellaneous Income	6.57	2.79
	504.82	778.04

23 Purchase of stock-in-trade

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Power Purchase	37,799.05	59,460.55
Purchases - Trading Materials	20,624.78	5,817.91
	58,423.83	65,278.46

24 Employee Benefits Expenses

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and benefits to employees	201.90	172.03
Contribution to provident fund and other funds	11.14	6.30
Employee Stock Option Charge	-	(1.92)
Recruitment and training	0.02	0.11
Staff welfare expenses	4.45	4.27
	217.51	180.79

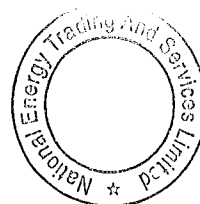
25 Finance Cost

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest	11.81	47.85
Other Borrowing Cost (Upfront Fees, Commitment Charges etc.)	286.80	84.36
	298.61	132.21

26 Depreciation And Amortization Expense

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on PPE	9.28	10.37
	9.28	10.37

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27 Other Expenses

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

28 Other Comprehensive Income

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

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

29 Earning Per Share (EPS)

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

30 Employee Benefits

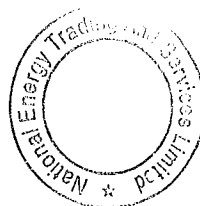
Defined Benefit Plans

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

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

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

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

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

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

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

Defined Contribution Plans

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

31 Contingent Liabilities - Not probable and therefore not provided for

Claims disputed by the company

	March 31, 2017	March 31, 2016
i Claims against the company not accepted by the company		
- Amount withheld by Tamil Nadu Generation and Distribution Corporation towards penalties*	600.00	600.00

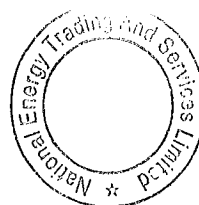
* The management of the Company, based on its internal assessment and / or legal opinion, is confident that this matter will be decided in its favour.

- ii Rajasthan Discoms Power Procurement Centre (RDPPC) has raised compensation bills amounting Rs. 168 lakhs for short supply of power for the months of Feb 2011, April 2011 & May 2011. Against that RDPPC has adjusted EMD Rs.60 lakhs and also filed a petition before Rajasthan Electricity Regulatory Commission (RERC) for recovery of balance amount of Rs. 108 lakhs. On 14.12.2016, RERC passed order against the Company. The Company filed an appeal before APTEL against RERC order, the same has been admitted and APTEL granted the stay on the RERC order for payment of sum of Rs. 108 lakhs. The matter is pending for further hearing. Further the Management based on the legal opinion is confident that above matter will be decided in its favour.

32 Segment Reporting

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

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National Energy Trading and Services Limited
33 RELATED PARTY DISCLOSURE

a) Name of Related parties and description of relationship

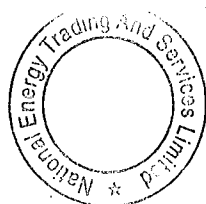
Description of Relationship	Name
Parent Company	Lanco Infratech Limited (LITL)
Fellow Subsidiaries	Lanco Kondapalli Power Limited (LKPL) Lanco Anpara Power Limited (LAnPL) Lanco Solar Energy Private Limited (LSEPL) Lanco Solar Power Limited (LSPL)
Key Management Personnel	Mr. N.Narasimha Murty Raju.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

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

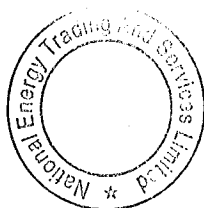
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b) Summary of transactions with related parties are as follows:

Rs. Lakhs

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



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34 Financial Risk Management Objectives and Policies

a. Capital Management

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

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

b. Financial Risk Management Framework

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

Risk Exposures and Responses

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

i. Credit risk

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

Credit risk management

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

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

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

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

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

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

Provision for expected credit losses

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

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

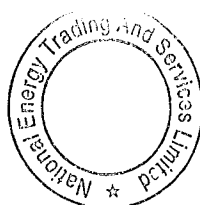
Trade Receivables : The company provides for expected credit loss under simplified approach

ii. Liquidity risk

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

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

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



c. Financial instruments by category

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

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

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

35 First Time Adoption of IndAS

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

	Rs. Lakhs
ASSETS	
Non Current Assets	
(a) Property, Plant and Equipment	31.59
(b) Financial Assets	
(i) Investments	1,065.00
(ii) Loans	65.00
Total Financial Asset	1,130.00
(c) Deferred tax assets (net)	120.04
Total Non Current Assets	1,281.63
Current assets	
(a) Financial Assets	
(i) Trade receivables	5,424.60
(ii) Loans	9,329.55
(iii) Cash and cash equivalents	518.19
(iv) Bank balances	1,091.72
(v) Other financial assets	1,431.06
Total Financial Asset	17,795.12
(b) Current tax assets (Net)	74.38
(c) Other current assets	68.09
Total Current Assets	17,935.59
Total Assets	19,217.22
EQUITY AND LIABILITIES	
EQUITY	
(a) Equity Share Capital	3,652.94
(b) Other Equity	5,056.07
Total Equity	8,709.01
LIABILITIES	
Non Current Liabilities	
(a) Provisions	31.69
Total Non Current Liabilities	31.69
Current Liabilities	
(a) Financial Liabilities	
(i) Borrowings	-
(ii) Trade payables	8,404.93
(iii) Other financial liabilities	992.88
Total Financial Liabilities	9,397.81
(b) Other current liabilities	1,019.34
(c) Provisions	9.99
(d) Current tax liabilities (Net)	49.38
Total Current Liabilities	10,476.52
Total Equity and Liabilities	19,217.22

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

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

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

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

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

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

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

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

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

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

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

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

N.Venkata Suneel
Partner
Membership No. 223688



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

N.Narasimha Murthy Raju
Whole time Director
DIN - 06882293

Naval Kishore
Chief Financial Officer

K. Raja Gopal
Director
DIN - 00019958

Mukesh Jain
Company Secretary

Place: Gurugram
Date: 17th May, 2017

Place: Gurugram
Date: 17th May, 2017

