INDEPENDENT AUDITOR'S REPORT

To the Members of National Energy Trading and Services Limited

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

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

ii. Attention is invited to Note 39 to the Ind AS financial statements, relating to recoverability of carrying value of unsecured loan and interest accrued on the loan aggregating to value of Rs 1086.30 Lakhs made to one of the Fellow Subsidiary of the company Lanco Power Limited (LPL).
LPL has made investments and advances in its group companies, some of the group companies are under IBC process and also the parent company Lanco Infratech Limited (LITL) of LPL is under liquidation process, accordingly recoverability of the same would dependent on the outcome of resolution process , due to the stated uncertainties we are unable to comment on the

BRAHMAYYA & CO
CHENNAI
INDIA
CHARTERED ACCOUNTANTS

48, Masilamani Road, Balaji Nagar, Royapettah,
Chennai - 600 014. India.
T: +91 - 044 - 2813 1128/38/48 | F: +91 - 044 - 2813 1158
E: mail@brahmayya.com | www.brahmayya.com

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

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

Other Information

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

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

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

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

Management's Responsibility for the Financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) Except for the matters described in the basis for qualified opinion paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the effects, if any, of the matters described in the basis for qualified opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

   d) Except for the possible effects of the matters described in the basis for qualified opinion paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rules issued therein.

   e) The matter described under the basis for qualified opinion paragraph above, may have an adverse effect on functioning of the Company.

   f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 32 to 34 to the financial statements.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in the paragraph 3 and 4 of the order.

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

N. Venkata

N. Venkata Suneel
Partner
Membership No. 223688

Place: Gurugram
Date: June 24, 2019

The **Annexure A,** referred to in Clause 1 (h) of "**Report on Other Legal and Regulatory Requirements**" Paragraph of the Independent Auditor's Report of even date to the members of **National Energy Trading and Services Limited** on the Ind AS financial statements as of and for the year ended March 31, 2019

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

We have audited the internal financial controls over financial reporting of National Energy Trading and Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

N. Venkatad

N. Venkata Suneel
Partner
Membership No. 223688

Place: Gurugram
Date: June 24, 2019

The "**Annexure B**" Referred to in Clause 2 of "**Report on Other Legal and Regulatory Requirements**" Paragraph of the Independent Auditor's Report of even date to the members of **National Energy Trading and Services Limited** on the Ind AS financial statements as of and for the year ended March 31, 2019.

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The company does not hold any physical inventories during the year. Therefore, the provision of clause (ii) of the paragraph 3 of the Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, company has not provided any loans, investments, guarantees, and security to any party covered in section 185 and 186 of the Companies Act, 2013. Therefore, the provision of clause (iv) of the paragraph 3 of the order is not applicable to the Company.

v. According to the information and explanation given to us, the Company has not accepted any deposits from the public.

vi. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the activities of the company.

vii. (a) The company is generally regular in depositing the undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, cess, and other statutory dues with the appropriate authorities though there have been delay in some instances.

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

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

(b) According to the records of the Company, there are no dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax or cess have not been deposited on account of any dispute.

viii. The Company does not have any loans or borrowings from any financial institutions, banks, government or has not issued any debentures during the year. Accordingly, the provision of clause (viii) of paragraph 3 of the order is not applicable.

ix. Based on the information and explanation given to us by the management, The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the records of the Company examined by us and based on our examination of the records of the Company, the Company has paid/ provided managerial remuneration as per the provisions of section 197 read with Schedule V to the Companies Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, provision of clause (xii) of the paragraph 3of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provision of clause (xv) of the paragraph 3 of the Order is not applicable.

BRAHMAYYA & CO. CHENNAI INDIA 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 the paragraph 3 of the Order is not applicable.

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

N. venkata

N. Venkata Suneel
Partner
Membership No. 223688

Place: Gurugram
Date: June 24, 2019

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

Rs. Lakhs

	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
(1)	**Non Current Assets**			
	(a) Property, Plant and Equipment	3	3.76	3.92
	(b) Other Intangible assets	4	-	-
	(c) Financial Assets			
	(i) Investments	5	10,011.81	11,040.75
	(ii) Loans	7	65.00	65.35
	Total Financial Asset		**10,076.81**	**11,106.10**
	(d) Deferred tax assets (net)	17	-	61.86
	Total Non Current Assets		**10,080.57**	**11,171.88**
(2)	**Current assets**			
	(a) Financial Assets			
	(i) Trade receivables	6	4,375.21	860.51
	(ii) Unbilled receivables		27.73	219.05
	(iii) Loans	7	4,323.08	1,306.72
	(iv) Cash and cash equivalents	10	409.84	530.32
	(v) Bank balances	11	838.99	756.81
	(vi) Other financial assets	8	114.22	57.11
	Total Financial Asset		**10,089.07**	**3,730.52**
	(b) Current tax assets (Net)	12	39.03	59.48
	(c) Other current assets	9	51.08	56.83
	Total Current Assets		**10,179.18**	**3,846.83**
	Total Assets		**20,259.75**	**15,018.71**
II	**EQUITY AND LIABILITIES**			
A	**EQUITY**			
	(a) Equity Share Capital	13	3,652.94	3,652.94
	(b) Other Equity		4,479.13	5,413.17
	Total Equity		**8,132.07**	**9,066.11**
B	**LIABILITIES**			
(1)	**Non Current Liabilities**			
	(a) Financial Liabilities		-	-
	(b) Provisions	16	35.48	62.40
	Total Non Current Liabilities		**35.48**	**62.40**
(2)	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade payables (other than MSME)	14	8,504.56	4,832.38
	(ii) Other financial liabilities	15	3,390.54	242.50
	Total Financial Liabilities		11,895.10	**5,074.88**
	(b) Other current liabilities	18	158.72	796.78
	(c) Provisions	16	9.03	18.54
	(d) Current tax liabilities (Net)	19	29.35	-
	Total Current Liabilities		**12,092.20**	**5,890.20**
	Total Equity and Liabilities		**20,259.75**	**15,018.71**
			-	-

Summary of Significant Accounting Policies 2.2

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

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

N.Venkata Suneel

N.Venkata Suneel
Partner
Membership No. 223[illegible]

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

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

Naval Kishore
Whole Time Director
DIN - 08183351

Sanjay Kumar Bhardwaj
Director
DIN - 08180543

Sunny Mehta
Chief Financial Officer

Anjali
Company Secretary
Membership no - A44162

Place: Gurugram
Date: 24th June, 2019

Place: Gurugram
Date: 24th June, 2019

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Rs. Lakhs

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

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

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

N.Venkata Suneel

N.Venkata Suneel
Partner
Membership No. 223688

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

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

Naval Kishore
Whole Time Director
DIN - 08183351

Sanjay Kumar Bhardwaj
Director
DIN - 08180543

Sunny Mehta
Chief Financial Officer

Anjali
Company Secretary
Membership no - A44162

Place: Gurugram
Date: 24th June, 2019

Place: Gurugram
Date: 24th June, 2019

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Rs. Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Tax		(803.89)	74.27
Adjustments for:			
Depreciation and Amortization		0.22	7.00
(Profit) / Loss on Sale of PPE, Intangible Assets		-	(0.01)
Net (gain)/loss recorded in profit or loss on financial assets measured or designated as at fair value through profit or loss		655.59	-
Liabilities and Provisions no longer required written back		(734.25)	(52.60)
Investment Impaired		1,065.00	-
Interest Income		(188.29)	(240.56)
Dividend Income		(10.68)	(17.45)
Interest Expenses		1.93	85.08
Cash Generated Before Working Capital Changes		**(14.37)**	**(144.27)**
Movement In Working Capital			
Increase / (Decrease) in Trade Payables		4,406.42	(6,630.14)
Increase / (Decrease) in Provisions		(40.69)	20.88
Increase / (Decrease) in Other Financial Liabilities		3,148.04	193.55
Increase / (Decrease) in Other Liabilities		(638.06)	(93.56)
(Increase) / Decrease in Trade Receivables/Unbilled Receivable		(3,978.97)	6,534.39
(Increase) / Decrease in Other Financial Assets		(3,015.79)	(545.82)
(Increase) / Decrease in Other Assets		5.74	40.81
Cash Generated From Operations		**(127.68)**	**(624.16)**
Direct Taxes Paid		(14.22)	12.45
Net Cash Flow From / (Used in) Operating Activities		**(141.90)**	**(611.71)**
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES			
Proceeds from Sale of PPE, Intangible Assets		(0.05)	0.01
Purchase of Non Current Investments - Fellow Subsidiaries		(36.00)	(879.28)
Purchase of Non Current Investments - Subsidiaries		(0.06)	(49.99)
Maturities / (Purchase) of FDs/MMDs (Net)		(82.18)	14.28
Dividend Income received		10.68	17.45
Interest Income Received		130.96	1,0[illegible]6.14
Net Cash Flow From / (Used in) Investing Activities		**23.35**	**198.61**
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES			
Interest Paid		(1.93)	(85.08)
Net Cash Flow From / (Used in) Financing Activities		**(1.93)**	**(85.08)**
Net Increase / (Decrease) in Cash and Cash Equivalents	(A+B+C)	(120.48)	(498.18)
Cash and Cash Equivalents at the beginning of the year		530.32	1,028.50
Cash and Cash Equivalents at the end of the year		**409.84**	**530.32**

Components of Cash and Cash Equivalents

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash and cheques on Hand	0.19	0.15
Balances with Banks		
-On Current Accounts	409.65	530.17
-On Deposit Accounts	-	-
Cheques, Drafts on hand	-	-
Cash and cash Equivalent (as per Note 10)	**409.84**	**530.32**

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

	For the year ended March 31, 2019
Interest and other Financial Charges accrued and Paid for the year	(1.93)
Total	**(1.93)**
Total Movement	(1.93)
Non Cash Changes :	-
Changes In Financing Cash flows	(1.93)

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. 000511S

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

N. Venkata Suneel

N.Venkata Suneel
Partner
Membership No. 223688

Place: Gurugram
Date: 24th June, 2019

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

Naval Kishore
Whole Time Director
DIN - 08183351

Sanjay Kumar Bhardwaj
Director
DIN - 08180543

Sunny Mehta
Chief Financial Officer

Anjali
Company Secretary
Membership no - A44162

Place: Gurugram
Date: 24th June, 2019

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Equity Attributable to the Owners of the Company

Rs. Lakhs

a. Equity Share Capital

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

b. Other Equity

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

As per our report of even date.

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

N. Venkata Suneel

N.Venkata Suneel
Partner
Membership No. 223688

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 24th June, 2019

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

Naval Kishore
Whole Time Director
DIN - 08183351

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Chief Financial Officer

Anjali
Company Secretary
Membership no - A44162

Place: Gurugram
Date: 24th June, 2019

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

1. Corporate Information

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

2. Basis of preparation

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

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, 2016 & 2017 and other relevant provisions of the Act.

(ii) Historical cost convention

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

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

(iii) Recent accounting pronouncements (if any)

Adoption of new and revised standards

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

Standards / Amendments to Standards issued but not yet effective

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

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

Amendment to Ind AS 12 – Income taxes

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

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

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

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

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

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.1 Summary of significant accounting policies

I. Significant Accounting Estimates and Judgments

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

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

Use of estimation and assumptions

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

BRAHMAYYA & CO. CHENNAI CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

Income tax

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

Property, plant and equipment & Intangible Assets

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

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

Employee Benefits- Measurement of Defined Benefit Obligation

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

Critical judgments made in applying accounting policies

Impairment of plant & equipment and Intangible assets

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

Expected credit loss

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

II. Property, Plant and Equipment

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

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

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

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

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

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

Depreciation

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

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

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

III. Intangible Assets

Other Intangible assets

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

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

IV. Financial Assets

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

Initial recognition:

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

Subsequent Measurement:

(i) Financial assets measured at amortised cost:

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

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

a) Trade receivable
b) Cash and cash equivalents
c) Other Financial Asset

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

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

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

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

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

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

(iv) Investment in subsidiaries, fellow subsidiaries are carried at cost in the separate financial statements.

Impairment of Financial Assets:

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

(i) Trade Receivables

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

(ii) Other financial assets

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

De-recognition of financial assets

A financial asset is derecognized only when:

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NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

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

V. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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

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

VI. Cash and Cash equivalents

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

VII. Share Capital

Equity shares are classified as equity.

VIII. Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement – at amortized cost

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

De recognition

A financial liability is de recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms,

BRAHMAYYA & CO CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

IX. Employee Benefits

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects.

- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognized, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.

- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

X. Income Taxes

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

XI. Provisions , Contingent Liabilities and Contingent Assets

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

Provisions

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

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

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

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

Contingent Liabilities

Contingent liability is disclosed in case of

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

Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when 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.

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

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

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

XIII. Revenue Recognition

The company derives revenues primarily from business of Power Trading and trading of Solar Modules. The company collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

Effective April1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

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

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

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

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

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

a) The customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs; or

b) The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

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

Trading of power and solar modules

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

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

a. Another party is primarily responsible for fulfilling the contract as the company does not have the ability to direct the use of power supplied or obtain benefits from supply of power.

b. The company does not have inventory risk before or after the power has been delivered to customers as the power is directly supplied to customer.

c. The company has no discretion in establishing the price for supply of power. The company consideration in these contracts is only based on the difference between sales price charged to procurer and purchase price given to supplier.

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

Income from Services

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

Interest

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

Dividends

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

XIV. Earnings per Share

Basic earnings per share are calculated by dividing:

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

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

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

- 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.

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Rs. Lakhs

3 Property, Plant and Equipment

Particulars	Owned Assets			TOTAL ASSETS
	Furniture and Fixtures	Vehicles	Office Equipment	
Gross Block				
As at April 01, 2017	0.82	25.22	4.46	30.50
Additions	-	-	-	-
Disposals	-	-	0.03	0.03
As at March 31, 2018	**0.82**	**25.22**	**4.43**	**30.47**
Additions	-	-	0.05	0.05
Disposals	-	-	-	-
As at March 31, 2019	**0.82**	**25.22**	**4.48**	**30.52**
Depreciation				
As at April 01, 2017	0.30	15.61	3.69	19.60
Charged For the Period	0.15	6.83	-	6.98
On Disposals	-	-	0.03	0.03
As at March 31, 2018	**0.45**	**22.44**	**3.66**	**26.55**
Charged For the Period	0.14	0.07	-	0.21
On Disposals	-	-	-	-
As at March 31, 2019	**0.59**	**22.51**	**3.66**	**26.76**
Net Block				
As at March 31, 2018	**0.37**	**2.78**	**0.77**	**3.92**
As at March 31, 2019	**0.23**	**2.71**	**0.82**	**3.76**

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

Rs. Lakhs

4 Other Intangible Assets

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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National Energy Trading and Services Limited

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

5 Non Current Investments

		As at March 31, 2019 No. Lakhs	As at March 31, 2018 No. Lakhs	As at March 31, 2019 Rs. Lakhs	As at March 31, 2018 Rs. Lakhs
I	**Investment at Cost**				
A	**Un-Quoted**				
	Investment in Equity Shares				
(i)	**Investment in Subsidiary Companies**				
	Lanco Operation and Maintenance company Limited (Equity Shares of Rs 10 each)	5.005	4.999	50.05	49.99
	Sub Total			**50.05**	**49.99**
(ii)	**Investment in Fellow Subsidiaries Companies**				
	Lanco Solar Energy Private Limited (Equity Shares of Rs 10 each)	776.36	773.82	9,961.76	9,925.76
	Total Equity Investment At Cost (a)			**10,011.81**	**9,975.75**
(iii)	**Investments in Preference Shares**				
	0.001% CCPS Preference Shares in Pragdisa Power Private Limited (Refer Note no. 28(a))	106.50	106.50	1,065.00	1,065.00
	Total Preference Investment At Cost (b)			**1,065.00**	**1,065.00**
	Less: Allowance for impairment in the value of Investments (c)			(1,065.00)	-
	Total Non Current Investments (Net of provision) (a+b+c)			**10,011.81**	**11,040.75**

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Rs. Lakhs

6 Trade Receivables

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Trade Receivables				
Unsecured, Considered Good	-	-	4,375.21	860.51
Total	-	-	4,375.21	860.51

7 Loans

Rs. Lakhs

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

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

8 Other Financial Assets

Rs. Lakhs

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

9 Other Assets

Rs. Lakhs

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

10 Cash and Cash Equivalents

Rs. Lakhs

	As at March 31, 2019	As at March 31, 2018
Cash on Hand	0.19	0.15
Balances with Banks		
-On Current Accounts	409.65	530.17
	409.84	530.32

11 Bank Balances

Rs. Lakhs

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

12 Tax Assets (Net)

Rs. Lakhs

	Non- Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Advance Tax (Net of Provision for Tax)	-	-	39.03	44.92
Income Tax Refund	-	-	-	14.56
	-	-	39.03	59.48

Rs. Lakhs

13 Equity Share Capital

	As at March 31, 2019	As at March 31, 2018
Authorised		
1000 Lakhs March 31,2019, (March 31,2018 1000 Lakhs of Rs.10/- each) Equity Shares of Rs. 10/- each	10,000.00	10,000.00
	10,000.00	**10,000.00**
Issued, Subscribed and Paid Up		
Equity Shares		
365.29 Lakhs March 31,2019, (March 31,2018 365.29 Lakhs of Rs.10/- each) Equity Shares of Rs. 10/- each, Fully Paid up	3,652.94	3,652.94
Total Equity Share Capital	**3,652.94**	**3,652.94**

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

	As at March 31, 2019 No. Lakhs	As at March 31, 2019 Rs. Lakhs	As at March 31, 2018 No. Lakhs	As at March 31, 2018 Rs. Lakhs
Equity Shares of Rs. 10/- 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 (eg. Dividend rights, Voting Rights)

The company has only one class of equity shares having a par value of Rs 10/- Per share. Each Holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to the number of equity shares held by the shareholders.

13.3 Shares held by holding company

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

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

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

*including with the beneficial interest.

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

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NATIONAL ENERGY TRADING AND SERVICES LIMITED

14 Trade payables

Rs. Lakhs

	Non current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Trade Payables (including acceptances)				
(a) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	8,504.56	4,832.38
	-	-	8,504.56	4,832.38

15 Other financial liabilities

Rs. Lakhs

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

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

16 Provisions

Rs. Lakhs

	Long Term		Short Term	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for Leave Encashment	15.35	34.65	4.24	10.52
Provision for Gratuity	20.13	27.75	4.79	8.02
	35.48	62.40	9.03	18.54

17 Deferred Tax Asset

Rs. Lakhs

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

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

18 Other liabilities

Rs. Lakhs

	Non current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Advance from Customers	-	-	145.29	783.97
Taxes Payable (Other than Income Tax)	-	-	12.10	11.01
Employee Contributions Payable	-	-	1.33	1.80
	-	-	158.72	796.78

19 Tax Liabilities (Net)

Rs. Lakhs

	Long Term		Short Term	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for Taxation (Net of Advance taxes)	-	-	29.35	-
	-	-	29.35	-

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

National Energy Trading And Services Limited

20 Revenue From Operations

Rs. Lakhs

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

21 Other Income

Rs. Lakhs

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

22 Purchase of stock-in-trade

Rs. Lakhs

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

23 Employee Benefits Expenses

Rs. Lakhs

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

24 Finance Cost

Rs. Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest	0.06	0.12
Other Borrowing Cost (Upfront Fees, Commitment Charges etc.)	1.87	84.97
	1.93	**85.09**

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

25 Depreciation And Amortization Expense

Rs. Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on PPE	0.22	7.00
	0.22	**7.00**

26 Other Expenses

Rs. Lakhs

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

27 Other Comprehensive Income

Rs. Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) Items that will not be reclassified to profit or loss		
(i) Remeasurements of the defined benefit plans;	(4.26)	(9.40)
	(4.26)	(9.40)

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

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NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

28 **Exceptional Items**

a) The Company has made investment in Pragdisa Power Private Limited (PPPL) during the earlier years. The company after assessing the fair value of investment has impaired the investment amounting to Rs.1,065 lakhs in the books of accounts during the current year.

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

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

29 **Earning Per Share (EPS)**

			Rs. Lakhs
		March 31, 2019	**March 31, 2018**
Total Operations for the year			
Profit / (Loss) attributable to Equity Holders	(A)	(929.78)	55.92
Weighted average number of Equity Shares for Basic EPS	(B)	365.29	365.29
Weighted Average number of Equity shares for Diluted EPS	(C)	365.29	365.29
Earning per Equity share			
Basic	(A) / (B)	(2.55)	0.15
Diluted	(A) / (C)	(2.55)	0.15

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

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

31 **Employee Benefits**

Defined Benefit Plans

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of Rs.20 Lakhs. The plan for the same is unfunded.

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

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

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

Rs. Lakhs

	Present value of Defined benefit obligation	Surplus / (deficit)	Experience adjustments on plan liabilities
March 31, 2019	24.93	(24.93)	(3.39)
March 31, 2018	35.77	(35.77)	(10.81)
March 31, 2017	21.39	(21.39)	2.12
March 31, 2016	9.94	(9.94)	(2.35)
March 31, 2015	17.48	(17.48)	(0.74)

Sensitivity analysis of the defined benefit obligation	**1% Increase**		**1% Decrease**	
Particulars	**2019**	**2018**	**2019**	**2018**
Impact of the change in discount rate	(0.87)	(0.72)	0.94	0.75
Impact of the change in salary increase	0.85	0.67	(0.84)	(0.67)

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

Defined Contribution Plans
In respect of the defined contribution plan (Provident fund), an amount of Rs. 7.40 Lakhs (Previous year : Rs 10.96 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

32 Contingent Liabilities - Not probable and therefore not provided for

Rs. Lakhs

		March 31, 2019	March 31, 2018
i	**Claims against the company not accepted by the company**		
	- Amount withheld by Tamil Nadu Generation and Distribution Corporation towards compensation*	600.00	600.00

NETS had filed a petition before TNERC against the deduction of Rs.600 Lakhs equivalent to bid bond value from the bills issued by NETS. TANGEDCO had deducted the amount due to non-disclosure of complete facts as well as participation in the bid without having sufficient fuel allocation. The matter is pending in Honorable Supreme Court adjounmed for filling of counter affidavit & rejoinder affidavit, if any.

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

iii NETS has entered into a contract on 25-01-2012 with TANGEDCO for supply of electricity under MTOA from 01-10-2012 to 30-09-2016, electricity was supplied to TANGEDCO using escalation index rate specified by CERC at that time for payment of Escalable Capacity charges and Escalable energy charges. On 08-02-2017 CERC issued various notifications for amending the original notifications issued in 2012 and 2013 revising the Annual Escalation Rate. TANGEDCO has filed writ petition with Hon'ble High Court of Delhi against CERC notification issued on 08-02-2017. Delhi High court vide its interim order dated 07-02-2018 and 25-05-2018 has stayed the operation of the notification issued by the CERC dated 08-02-2017 till the date of next hearing. If the petition is dismissed by court, NETS will be liable to pay to TANGEDCO the difference between energy charges calculated as per old escalation index and new escalation index and NETS can recover the same from Lanco Anpara Power Limited.

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

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

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

National Energy Trading And Services Limited

National Energy Trading and Services Limited

36 RELATED PARTY DISCLOSURE as on 31st March 2019

a) Name of Related parties and description of relationship

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

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

National Energy Trading and Services Limited

Rs. Lakhs

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

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

National Energy Trading and Services Limited

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

37 Financial Risk Management Objectives and Policies

a. Capital Management

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

b. Financial Risk Management Framework

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

Risk Exposures and Responses

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

i. Credit risk

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

Credit risk management

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

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

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

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

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

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

Provision for expected credit losses

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

Rs. Lakhs

Reporting period	Gross carrying amount at default	Expected credit losses	Net Carrying amount
As at 31 March 2019	60.00	60.00	-
As at 31 March 2018	60.00	60.00	-
As at 31 March 2017	60.00	60.00	-

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

ii. Liquidity risk

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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:

Rs. Lakhs

Particulars	Less than 1 year	More than 1 year
31 March 2019		
Trade Payables & Other Financial Liabilities	8,689.94	3,197.72
Total	**8,689.94**	**3,197.72**
31 March 2018		
Trade Payables & Other Financial Liabilities	1,196.58	3,878.30
Total	**1,196.58**	**3,878.30**

c. **Financial instruments by category**

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

Rs. Lakhs

	March 31, 2019
	Amortised Cost
Financial assets	
Investments	
Equity Shares	10,011.81
Preference shares	-
Trade receivables and unbilled receivables	4,402.94
Loans	4,388.08
Cash and cash equivalents	409.84
Bank Balances	838.99
Other Financial Assets	114.21
Total	**20,165.87**
Financial liabilities	
Trade payables	8,504.56
Other Financial Liabilities	3,390.54
Total	**11,895.10**

Rs. Lakhs

	March 31, 2018
	Amortised Cost
Financial assets	
Investments	
Equity Shares	9,975.75
Preference shares	1,065.00
Trade receivables and unbilled receivables	1,079.56
Loans	1,372.07
Cash and cash equivalents	530.32
Bank Balances	756.81
Other Financial Assets	57.11
Total	**14,836.62**
Financial liabilities	
Trade payables	4,832.38
Other Financial Liabilities	242.50
Total	**5,074.88**

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

39 The company has given loan to one of the fellow subsidiaries of the company (LPL) during the previous years. Total loan outstanding as on 31.3 2019 is Rs.983 Lakhs and interest outstanding is Rs.103.30 Lakhs. LPL has positive net worth as per the latest audited financial statement available. Accordingly the company has made no adjustment in the books of account as on 31.03.2019.

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

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

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

NATIONAL ENERGY TRADING AND SERVICES LIMITED

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

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

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

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

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

As per our report of even date.

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

N.Venkata Suneel
Partner
Membership No. 223688

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 24th June, 2019

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

Naval Kishore
Whole Time Director
DIN - 08183351

Sanjay Kumar Bhardwaj
Director
DIN - 08180543

Sunny Mehta
Chief Financial Officer

Anjali
Company Secretary
Membership no - A44162

Place: Gurugram
Date: 24th June, 2019

NATIONAL ENERGY TRADING AND SERVICES LIMITED