SRM Energy

# SRM ENERGY LIMITED

## 30th Annual Report
## 2016-2017

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**

| | |
|---|---|
| Mr. Vishal Rastogi | Managing Director |
| Mr. Sameer Rajpal | Non-Executive & Independent Director |
| Mr. Pranav Kumar | Non-Executive &Independent Director |
| Mr. Vijay Kumar Sharma | Non-Executive &Independent Director |
| Mrs. Tanu Agarwal | Non-Executive Woman Director |

**CS & COMPLIANCE OFFICER**

Ms. Ruchi Singh (Appointed w.e.f 09.02.2017)
Ms. Kanika Arora (till 23.12.2016)

**CHIEF FINANCIAL OFFICER (CFO)**

Mr. Achyut Ganapati Pai (Appointed w.e.f. 09.02.2017)
Mr. Kailash Chandra Gupta (till 05.10.2016)

**BANKERS**

Axis Bank Limited

**STATUTORY AUDITORS**

M/s VATSS & Associates

**REGISTERED OFFICE**

Unit No. 206, 2nd Floor, Suneja Tower-II,
District Centre, Janakpuri, New Delhi-110058.

**REGISTRAR & SHARE TRANSFER AGENTS**

MCS Share Transfer Agent Limited
(with effect from 01st April, 2017)
F-65, 1st Floor, Okhla Industrial Area Phase-1,
New Delhi-110020.
Tel. No. : 011-41406149/50/51
Fax :011-41709881
Email : admin@mcsregistrars.com
Website : www.mcsregistrars.com

**LISITNG OF SECURITIES**

**BSE Limited**
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai- 400001

**CIN:** L17100DL1985PLC303047

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# NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the members of SRM Energy Limited will be held on Wednesday, September 27, 2017 at 11.30 a.m. at Executive Club, Dolly Farms & Resorts, 439, Village Shahurpur, P.O, Fatehpur Beri, New Delhi-110074, to transact the following businesses:

**ORDINARY BUSINESS:**

**Item No. 1: Adoption of Financial Statement:**

To receive, consider and adopt the audited financial statement (including Audited Consolidated Financial Statements) of the Company for the financial year ended 31st March, 2017 and the Reports of Director's and Auditor's thereon.

**Item No.2: Appointment of Directors:**

To appoint a Director in place of Mr. Vishal Rastogi (DIN- 02780975) who retires by rotation and being eligible, offers himself for reappointment.

**Item No.3: Appointment of Auditors:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, and pursuant to the recommendation of the Board of Directors and also pursuant to the resolution passed by the shareholders in the previous Annual General Meeting of the Company held on 29th September, 2016, the appointment of M/s VATSS & Associates, Chartered Accountants, New Delhi (Firm Registration No.- 017573N) as Statutory Auditors of the Company to hold office till the conclusion of the next AGM be and is hereby ratified at a remuneration of Rs.1,50,000/- (exclusive of taxes) payable to them for the financial year ending March 31, 2018, as recommended by the Board in consultation with the Auditors."

**By Order of the Board of Directors**

Place: New Delhi **(Ruchi Singh)**

Date: August 14, 2017 **Company Secretary**

**ACS no. 36761**

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT UNIT NO. 206, 2ND FLOOR, SUNEJA TOWER-II, JANAKPURI DISTRICT CENTRE, NEW DELHI-110058, NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING. A FORM OF PROXY IS GIVEN AT THE END OF THIS ANNUAL REPORT. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCITIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTIONS/AUTHORITY, AS APPLICABLE.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.
3. Provided that a member holding more than ten percent of the total paid up share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. In case of Joint holders attending the meeting, only such holder who is higher in the order of names will be entitled to vote.
5. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer Books of the Company will remain closed from Thursday 21st September, 2017 to Wednesday 27th September, 2017 (both days inclusive) for annual closing.
6. A member can inspect proxies lodged at any time during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, provided that he has given to the Company a notice, in writing of his intension to inspect not less than 3 days before the commencement of the said meeting.
7. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 of Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are Interested maintained under Section 189 of Companies Act, 2013 will be available for inspection by the members at the AGM.
8. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company/ RTA, in advance, a duly certified copy of the Board Resolution/ letter of authority together with the respective specimen signatures of those representatives authorised under said resolution/ letter to attend and vote on their behalf at the meeting.
9. Members/Proxy Holders are requested to produce at the entrance of AGM premises, attendance slips duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
10. The members are requested to
    a. Bring their copy of Annual report at the Annual General Meeting.

b. I **In case shares are held in physical form:** notify immediately the change of address, if any, to the Company at Unit No. 206, 2nd Floor, Suneja Tower-II, Janakpuri District Centre, New Delhi-110058 or to the Registrar and Share Transfer Agent of the Company, MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110020 quoting their folio number.

II **In case shares are held in dematerialized form:** notify to their depository participants, change/correction in their address/bank account particulars etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.

c. Send, in case of those members who have multiple accounts in identical names or joint names in same order, all the share certificates to the Registrar and Share Transfer Agent of the Company i.e., MCS Share Transfer Agent Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.

11. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all days except Saturday, Sunday and Public holidays up to the date of the Annual General Meeting.

12. Pursuant to Sections 101 and 136 of the Companies Act, 2013, read with rules made thereunder the Annual Report 2016-17 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the Report. For members who have not registered their email addresses, physical copies of the annual report 2016-17 are being sent by the permitted mode. The Annual Report will also be available at the Company's registered office for inspection during normal business hours on all working days and is also available on Company's website "www.srmenergy.in".

13. With a view to using Natural Resources responsibly, we request Shareholders to update their email address with their Depository participants to enable the Company to send all communications including Annual Report, Notices, Circulars, etc. electronically. Members who hold shares in physical form are requested to write to **"MCS Share Transfer Agent Limited (Unit SRM Energy Limited), F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020"** with details like Name, Folio No. and Email ID to register the same at our Registrar and Transfer Agent.

14. Details pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standards 2 in respect of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting is furnished as annexure to the notice. The Directors have furnished consent/declaration for their appointment/re-appointment as required under Companies Act, 2013 and rules made thereunder.

15. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, e-voting facility is being provided to the members. Details of the e-voting process and other relevant details are being sent to all the Members along with the Notice. The facility for voting through ballot paper will also be made available at the AGM and the members attending the AGM and who have not cast their vote electronically shall be able to exercise their right at the AGM through ballot paper. Members who have cast their vote by e-voting may attend the AGM but shall not be entitled to cast their vote again.

16. **Voting through Electronics Means**- A detailed instructions and related write ups, on ***Electronic Voting Process***, which forms part of this notice, is given at the end of this Annual Report. Shareholders are requested to kindly follow the said process for casting their vote electronically.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company and/or its RTA.

18. The Securities and Exchange Board of India (SEBI) has mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of Securities.

19. Route Map and details of prominent land mark of the venue of the meeting is portrayed at the back side of the Annnual Report.

20. ***Important Communication to Members*** *Your Company had appointed MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110020 as the Registrar and Share Transfer Agent of the Company w.e.f. 01st April, 2017.*

**NOTES ON DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AS REQUIRED UNDER REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND IN TERMS OF SECRETARIAL STANDARDS 2.**

| | |
|---|---|
| **Name of Director** | Mr. Vishal Rastogi |
| **DIN** | 02780975 |
| **Brief Resume** | **Mr. Vishal Rastogi** is a Promoter Director and is on the Board of the Company since 21st February, 2014.<br>He has vast and rich experience of 15 years in the field of trading of Minerals and Chemical products together with experience in the field of Oil and Gas. He also manages a firm, which is involved in the Business of Distribution of Auto LPG and has number of Auto LPG Dispensing stations across India. |
| **Date of Birth** | 11th September, 1980 |
| **Qualifications** | He is Master of Computer Systems from London, UK. |
| **Terms and conditions of Re-appointment** | In terms of Section 152(6) of the Companies Act, 2013, Mr. Vishal Rastogi shall retire by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers himself for re-appointment. |
| **Details of Remuneration and remuneration last drawn** | NIL |
| **Date of first appointment in the Board** | 21st February, 2014 |
| **Shareholding in the Company** | Nil |
| **Relationship with other Directors, Manager and other Key Managerial Personnel (if any)** | N.A. |
| **Number of Meetings of the Board attended during the year** | Details mentioned in the Corporate Governance Report |
| **Details of other Directorships in other Companies** | He is serving the following Companies, as a Director:<br>• SRM Energy Tamilnadu Private Limited<br>• Metropolitan Oil and Gas Private Limited<br>• Metropolitan Minerals Private Limited<br>• Metropolitan Gas LLP<br>• Delhikem India Private Limited<br>• Nyra Holdings Private Limited<br>• BND Gas Private Limited<br>• Encode Net Ventures Private Limited<br>• Finbrook Pte. Ltd.<br>he does not hold Directorship in any other Listed Company apart from this Company |
| **Details of Membership/Chairmanship of Committees of the Board** | he is member of below Committees of the Board of this Company<br>• Audit Committee<br>• Stakeholder's Relationship Committee |

**By Order of the Board of Directors**

Place: New Delhi
Date: August 14, 2017

**(Ruchi Singh)**
**Company Secretary**
**ACS-36761**

# DIRECTOR'S REPORT

**To**

**The Members of SRM ENERGY LIMITED**

Your directors are submitting the 30th Annual Report of the Company together with the Audited Financial Statement for the year ended 31st March, 2017.

**1. Financial Results**

The Company's financial performance (standalone & consolidated) for the year under review along with previous year's figures is given here under:

(in Rs. Million)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Revenue from Operations | - | - | - | - |
| Other Income | 0.29 | 0.00 | 0.29 | 0.00 |
| Total Revenue | 0.29 | 0.00 | 0.29 | 0.00 |
| Operational Expenses | - | - | - | - |
| Employee Benefit Expenses | 1.88 | 2.79 | 1.88 | 2.79 |
| Interest and Finance Charges | - | - | - | - |
| Depreciation and Amortizations | - | - | - | - |
| Other Expenses | 2.50 | 2.73 | 2.50 | 2.73 |
| Total Expenses | 4.38 | 5.52 | 4.38 | 5.52 |
| Profit/(Loss) before exceptional items | (4.09) | (5.52) | (4.09) | (5.52) |
| Exceptional Items | - | - | - | - |
| Profit/(Loss) for the year | (4.09) | (5.52) | (4.09) | (5.52) |

**2. Dividend**

There is no profit arising out of the business activities, hence no dividend is recommended for the financial year 2016-17.

**3. Reserves**

There is no surplus available to be carried forward to reserve.

**4. Results of Business Operations and the State of Company's Affairs**

You are aware that your Company intends to set up Thermal Power Projects at various locations of the state of Tamilnadu. The project at Tamilnadu is consisting of 3X660 MW i.e. 1980 MW capacity, which is being set up by the SRM Energy Tamilnadu Pvt. Ltd., the Wholly Owned Subsidiary of the Company. Your Company has no other operations at present and the related expenses incurred during the current period are considered as pre-operative expenses pending allocation to the power project.

We had also reported in the previous report that the Group's networth has been significantly reduced and it has been incurring cash losses, the promoters have infused funds by way of unsecured loan and are committed to provide necessary funding to meet the liabilities and future running expenses of the Group, however all the effort of the subsidiary Company to find the investors for the project could not be successful, due to various reasons and prevailing situations of the Company.

Your Board of Directors on March 09, 2015 had decided to sell/dispose off the Power plant/ Project in the wholly owned subsidiary, subject to necessary approvals from the shareholders and other statutory authorities, if any, which could also not materialize. In view of the commitments of your promoters to infuse funds into the Company and to provide necessary funding, the accounts have been prepared on going concern basis.

The power plant in the wholly owned subsidiary, which is intended to be sold /disposed off as explained above, is in Pre-operative stage and no expenses have been charged to Statement of Profit and Loss. Accordingly, the loss for the year does not include any loss relating to ordinary activities attributable to discontinuing operations.

**Demand of loan to be repaid by SRM Energy Tamilnadu Pvt. Ltd., (the wholly owned subsidiary)**

This is to further apprise that Mr. Gagan Rastogi has been infusing unsecured loan to SRM Energy Tamilnadu Pvt. Ltd. the wholly owned subsidiary of the Company. Since 2014, Mr. Rastogi has been demanding his loan to be repaid. Previously, upon his demand, a request was made to him that he should allow us time to be in a position, where the repayment of his loan could be positively considered.

However, recently the subsidiary has settled the Loan of Mr. Gagan Rastogi to the extent of

Rs. 9.257 Crores by way of assigning the amount as receivable from Krishna Enterprises, in his favour through an MOU and assignment agreement on an as is where is basis. After such settlement, an amount of Rs. 39,43,26,000/- is was due to him, till 23rd May, 2017. The total amount due till date (14th August 2017) is Rs. 40,22,26,000/-

Mr. Gagan Rastogi has demanded for the balance amount to be repaid. This matter was discussed in detailed in your Board in the light of the fact that Mr. Rastogi in the past had demanded his money, but the same could not be repaid due to the bad financial position of the Company. However, the subsidiary Company as a measure to run the project decided to find investors to procure requisite investments into the Company for the establishment of project. The subsidiary Company, had also taken the services of two Catagory-1 Merchant Bankers for finding investors. The Merchant Bankers, after their due diligence and detailed deliberations had shown their inability to find any investors, majorly on the following grounds:

- That the present investment made by the Promoter was low.
- The current Industrial scenario, Govt. policies, Company's current status of approvals, status for the land acquisitions and its financial health etc. were not favorable.

The sincere efforts of the Board of the subsidiary Company to arrange funds for its project implementation and operation could not materialize due to stringent / adverse conditions. The aforesaid facts were duly intimated to Mr. Rastogi at the time. Presently, the situation is such that the Company (including its subsidiary) is completely dependent on the financial assistance made by Mr. Gagan Rastogi as no operation of the Company could start till date, and the investors for the project could not be found as the situation of the Company is similar as to the earlier date.

Your Board after taking into consideration, the aforesaid facts, and also after considering the present situation, financial position and project implementation status etc. of the Company, discussed and deliberated all the possible ways / options to deal with the prevailing situation, the board also noted that at present the Subsidiary Company has no inflow of funds other than the financial assistance of Mr. Gagan Rastogi, and Mr. Rastogi has intimated that he is not in a position to continue with further assistance.

The Board in present scenarios find it suitable for the Company to explore whether any of the assets of the Company including subsidiary Company could be offered to him towards the settlement of his loan extended to the Company. The Board after such discussion consented to make an offer to Mr. Rastogi as a settlement of his loan and further propose to revalue the Assets/Land of the Company/subsidiary Company to determine the present value of the same, which could be offered to him for settlement.

The board further appointed two Independent local Registered valuers to determine the fair market value of the land of the Company,who have assigned a value of Rs. 9.50 crores and 9.75 crores respectively towards the assets. Based on the aforesaid valuation, an offer was given to Mr. Rastogi towards settlement of his loan as such. However, it has been made clear to him that the said offer will be subject to the approval of the shareholders of our Company, i.e., SRM Energy Limited.

Mr. Rastogi has not yet communicated his decision on the offer, once he communicates his decision, the Company will act accordingly, i.e., shall move suitable resolutions to the shareholders for their due approval.

**5. Change in Nature of Business**

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

**6. Registered Office of the Company**

As intimated in the previous year's report that the registered office of the Company has been shifted from state of Maharashtra to the Delhi, your Company, in this respect has received a certificate of registration dated 15/07/2016 as issued by Registrar of Companies, Delhi & Haryana, certifying that the order of Regional Director confirming such shifting of Registered office has been duly registered. The master data of the Company at the website of Ministry of Corporate Affairshas been updated. The New Registered office of the Company w.e.f. 06/06/2016, (i.e, date of issuance of the order of Regional Director in this respect), is "Unit No. 206, 2nd Floor, Suneja Tower-2, District Centre, Janakpuri, New Delhi-110058".

**7. Change of Registrar and Share Transfer Agent (RTA) of the Company**

Since the Registered office of the Company has been shifted from Mumbai, the state of Maharashtra to New Delhi the NCT of Delhi, your Directors considered changing the RTA of the Company by appointing a local RTA based in Delhi. Accordingly the MCS Share Transfer Agent Limited was duly identified to be an RTA of the Company and all the formalities in this respect was completed by entering into a contract and appointing them as RTA of the Company w.e.f. 01st April, 2017. Also to note that the previous RTA M/s Datamatics Financial Services Limited, Mumbai had provided their services as such till 31st March, 2017.

**8. Material changes and commitment if any affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of the report**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year, i.e., 2016-17 till the date of this report i.e. 14.08.2017.

**9. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

The Company has adequately adopted the procedures, criteria and mechanism to ensure the proper internal control, suitable policies and guidelines as required under various provisions of the Companies Act, 2013 and the Listing Agreement are in place. The following policies adopted by the Company, which focuses on comprehensive management, control and compliance with different rules and regulations as prescribed under various laws applicable to the Companies.

a. Vigil Mechanism Policies/Whistle Blower Policies,

b. Risk Management Policy

The said policies ensures reduction of possible threats of fraud, the orderly and efficient conduct of the business of the Company. These policies and guidelines are adequately monitored by the designated Committees of the Board.

The Company prepare the financial information/ Reporting as per the requisite requirements of the Companies Act, 2013 and the Listing Regulations, and place it to the Audit Committee and Board for the approval, once approved the said financial results are submitted to the stock exchange and also placed on the website of the Company. The Internal Auditors are empowered with the facility to directly report to the Audit Committee of the Board of Directors of the Company.

**10. Extract of Annual Return**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure I** and is forming part of this Annual Report.

**11. Subsidiaries, Joint Ventures and Associate Companies**

During the FY under review, your Company has one wholly owned Subsidiary Company (WOS) viz. SRM Energy Tamilnadu Private Limited and it does not have any Joint Ventures and Associate Companies. The company regularly keeps a track on operational opportunities of its WOS Company. However, the members are requested to note that the WOS Company does not have any operations at present.

**Material Subsidiary**

In terms of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the corporate governance provisions as specified in regulation 24, i.e., with respect to subsidiary of listed entity does not apply to the Company during the period under review. However, as practice of good governance, the Board of Directors has approved a policy on Material Subsidiary, which can be viewed on the Company's website at the link:

http://www.srmenergy.in/Data/Documents/SRM%20Energy%20-%20OD%20-%20Policy%20for%20Determining%20Material%20Subsidiary.pdf

**12. Performance and financial position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statement.**

A statement containing salient features of financial statements of Subsidiary forms part of the financial statement for the year ended on 31st March, 2017, forming part of this Annual Report, hence the same is not provided here for the sake of brevity. Further, a statement in the prescribed format AOC-1 is appended as **Annexure 2** to the Boards' Report. The annual accounts of the Subsidiary Company and any other information related to that shall be provided to any member of the Company who may be interested in obtaining the same. It shall also be kept open for inspection at the registered office of the holding Company and subsidiary company concerned. The Consolidated financial statement provided by the Company also includes the financial statement of its Subsidiary, which is further being proposed for the approval of the shareholders.

Also your Board has explained in the item No.-4 of this report about the recent developments w.r.t the subsidiary Company. The demand of the repayment of loan against the subsidiary and related proposal to be offered by it to the lender, it has been duly explained above and not repeated here for the sake of brevity.

**13. Deposits**

The Company has neither accepted nor renewed any deposits during the year under review.

**14. Statutory Auditors & Auditor's Report**

M/s VATSS & Associates, Chartered Accountants, (ICAI Firm Registration No.- 017573N), who are the statutory auditors of your Company, hold office up to the conclusion of the AGM to be held in the year 2020, subject to ratification of their appointment at every subsequent AGM. They have audited the financial statements of the Company for the period under review. The Auditors has not submitted any adverse remark, qualification or reservation in their report for the period under review. However, an Emphasis on Matter is being made w.r.t. Going Concern status of the Company. The Auditors' Report forms part of this Annual Report. Further, in terms of Section 143 (12) of the Companies Act, 2013, no frauds has been reported by the Auditors to the Audit Committee. The Board have recommended appointment of M/s VATSS & Associates, Chartered Accountants, as statutory auditor of the Company for the FY 2017-18. The Members are requested to ratify their appointment as Auditors.

**15. Internal Auditor & their Report**

Your Company has also in place a proper system of internal audit that is adequate in respect to the size and operations of the Company. M/s Amar Jeet Singh & Associates, Chartered accountants had been appointed as the Internal Auditor of the Company for the financial year 2016-17. They had adequately conducted the Quarterly internal audit exercise within the terms of regulatory requirements. During the Audit Process, no

material discrepancies was reported by him. The Internal Auditors may directly report to the Audit Committee of the Board of Directors of the Company.

**16. Secretarial Auditor & Secretarial Audit Report**

In terms of the provisions of Section 204 of the Companies Act, 2013 and rules made there under, Mr. Kumar Bhavesh Kishore, Proprietor (CP No. 11598), M/s KBK & CO, Company Secretaries, Delhi was appointed as the Secretarial Auditor of the Company during the Financial Year 2016-17.

A Secretarial Audit Report in Form No. MR-3 for the financial year 2016-17 given by the Secretarial Auditors of the Company is annexed as **Annexure 3** with this report.

**17. Disclosure about Cost Audit**

The provision of maintenance of cost audit records and filing the same is not applicable to the Company.

**18. Shares Capital**

During the period under review the capital structure of the Company remain unchanged i.e. the Companyhas not issued any equity share with differential rights, Sweat Equity Shares, has not bought back any of its securities, has not provided any Stock Option Scheme to the employees during the period under review.

**19. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Your company has not initiated its operation till date, hence members are requested to consider the details as mentioned herein below;

| | |
|---|---|
| **(A) CONSERVATION OF ENERGY** | |
| The steps taken or impact on conservation of energy | NA |
| The steps taken by the company for utilizing alternate sources of Energy | NA |
| The capital investment on energy conservation equipments | NA |
| **(B) TECHNOLOGY ABSORPTION** | |
| The efforts made towards technology absorption | NA |
| The benefits derived like product improvement, cost reduction, product development or import substitution | NA |
| In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | NA |
| The expenditure incurred on research and development | NA |

**Details of Foreign currency transactions are as follows:**

a. The company has not earned any income in Foreign Currency during the year.

b. The company has not incurred any expenditure in Foreign Currency.

**20. Details of policy developed and implemented by the company on its Corporate Social Responsibility initiatives**

Your Company has not developed and implemented any policy on Corporate Social Responsibility initiatives as the provisions of section 135 of Companies Act, 2013 are not applicable to the Company during the period under review.

**21. Directors and Key Managerial Personnel**

**A) Changes in Directors and Key Managerial Personnel (KMP):**

During the year under review, no changes occurred in the composition of Board of Directors of the Company. However, following changes occurred with respect to the Key Managerial Personnel of the Company during FY 2016-17;

| S.No. | Name | Designation | Appointment/ Resignation | Date Of Event |
|---|---|---|---|---|
| 1 | Mr. Kailash Chandra Gupta | CFO | Resigned | October 05, 2016 |
| 2 | Ms. Kanika Arora | CS& Compliance officer | Resigned | December 23, 2016 |
| 3 | Mr. Achyut Ganapati Pai | CFO | Appointment | February 09, 2017 |
| 4 | Ms. Ruchi Singh | CS & Compliance officer | Appointment | February 09, 2017 |

**Cessation of Director/KMP:**

- During the year under review, Mr. Kailash Chandra Gupta had resigned from his office of the Chief Financial Officer (CFO) from the close of the working hours on October 05, 2016.
- Later, Ms. Kanika Arora had resigned from her office of the Company Secretary from the close of the working hours on December 23, 2016.

**Appointment of New Directors/KMP:**

Pursuant to the requirements of Section 203 read with rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the office of CFO and Company Secretary was vacant till February 08, 2017. Considering the aforesaid requirements the Board consented to appoint Mr. Achyut Ganapati Pai as the new CFO of the Company and Ms. Ruchi Singh as Company Secretary of the Company w.e.f. February 09, 2017.

Further, Mr. Achyut Ganapati Pai, CFO of the Company has submitted his resignation vide his letter 31stJuly, 2017, wherein he has requested to be relieved from his post of CFO w.e.f 15thSeptember 2017. The Board of Directors have considered and approved the aforesaid matter in their meeting held on 14th August, 2017.

**Reappointment of Directors:**

In terms of applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vishal Rastogi, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment, Brief resume and other details of Mr. Vishal Rastogi, who is proposed to be re-appointed as Director of your company has been included in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

**B) Declaration of Independent Directors**

In terms of Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,all Independent Directors have submitted declarations that they meet the criteria of Independence, as prescribed therein. The Board have considered the aforementioned submissions and stipulated that the Independent Directors fulfills the conditions specified under the Companies Act, 2013 along with rules made thereunder and the Listing Regulations.

**C) Details of training imparted to Independent Directors**

The Compliances under Relevant Regulation 25 (7) read with Regulation 15 of Listing Regulations are not applicable to the Company and hence, Company has exempted herself from the compliance of the requirements of the regulation, however every new Independent Director inducted on the Board attends an orientation program in which he/she is familiarized with the strategy, operations and Status of the Company. They are further briefed with history of the Company and also handed over a Copy of the bunch of Company's Annual reports, its Memorandum and Articles of Association, various policies and the Code of Conduct of the Company.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, functions and duties/responsibilities as a Director. The Format of the letter of appointment is provided on our website, a web link thereto is given below:

http://srmenergy.in/Data/Documents/SRM%20Energy%20-%20OD%20-%20Appointment%20of%20ID.pdf

**D) Formal Annual Evaluation**

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that a formal annual evaluation needs to be made by the Board of its own performance its committees, Chairman and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Independent Directors of the Company meet at least once in every financial year without the presence of Executive Directors or management personnel. All Independent Directors strive to be present at such meetings.

During the year under review, the Independent Directors held one separate meeting on 09th February 2017 to evaluate the performance of Mr. Vishal Rastogi, the Managing Director of the Company, Ms. Tanu Agarwal and the Board as a whole and also to assess the Quality, Quantity and timeliness of the flow of Information between the Company Management and the Board. All the independent Directors had attended the meeting.

The Board of Directors in their meeting held on May 26, 2017 evaluated the performance of all the Independent Directors based on set questionnaires circulated to the Board. The result of aforesaid evaluations were noted by the Nomination and Remuneration Committee in their meeting held on May 26, 2017. The performance of executive Directors and Independent Directors was found satisfactory taking into consideration of the existing circumstance, in which the Company is operating.

**22. Number of meetings of the Board of Directors**

The Board of Directors met 5 times during the year, the details of which are given in Corporate Governance report forming part of this annual report. The intervening gap between any two meetings was within prescribed time limit under Companies Act, 2013.

**23. Audit Committee**

The Composition of Audit Committee is in line with the provision of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. During the Financial year 2016-17, the Audit Committee comprised of Mr. Sameer Rajpal, Chairman of the committee with other members, Mr. Vishal Rastogi and Mr. Vijay Kumar Sharma.

A detailed description about the audit Committee is given in the Corporate Governance Report, forming part of the Director's Report.

Further all recommendations made by Audit Committee during the year were accepted by the Board.

**24. Details of Establishment of Vigil Mechanism for Directors and Employees**

The Company has in place a Vigil Mechanism/ Whistle Blower Policy, framed as per the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Vigil Mechanism has also been displayed on Company's website athttp://www.srmenergy.in/Data/Documents/SRM%20Energy%20-%20OD%20-%20Whistle%20Blower.pdf

**25. Nomination and Remuneration Committee**

In terms of Compliance of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a duly constituted Nomination and Remuneration Committee. The detailed description about theCommittee is given in the Corporate Governance Report, forming part of the Director's Report.