

2ND ANNUAL REPORT

2010-11



एनर्जी एफिशिएंसी सर्विसेज़ लिमिटेड

ENERGY EFFICIENCY SERVICES LIMITED

पंजीकृत कार्यलय : चौथा तल, सेवा भवन, आर० के० पुरम, नई दिल्ली – 110066

Registered Office : 4th Floor, Sewa Bhawan, R. K. Puram, New Delhi – 110066

कॉर्पोरेट कार्यलय : हॉल नं० 2, तीसरा तल, एनबीसीसी टावर, 15, भीकाजी कामा प्लेस, नई दिल्ली – 110066

Corporate Office : Hall No. 2, 3rd Floor, NBCC Tower, 15, Bhikaji Cama Place, New Delhi - 110066

ENERGY EFFICIENCY SERVICES LIMITED

Directors' Report

To
The Members,

Your Directors have pleasure in presenting Second Annual Report on the working of the company for the financial year ended on 31st March, 2011 together with Audited Annual Accounts, Auditors' Report and Review by the Comptroller and Auditor General of India for the reporting period.

FINANCIAL RESULTS:

Particulars	Amount (Rs. In lacs)	
	Current Year (2010-11)	Previous Year (2009-10)
Share Capital	250.00	250.00
Sales & Services and Other Income	597.07	0.62
Profit Before Depreciation & Taxes	451.96	(120.78)
Less: Depreciation	4.80	NIL
Profit/(Loss) Before Tax	447.16	(120.78)
Less: Provision for Taxation		
-Current Year	130.40	NIL
-Deferred Tax Asset	(20.64)	NIL
Profit/(Loss) after Tax	337.40	(120.78)
Profit/(Loss) brought forward from Previous Years	(120.78)	NIL
Balance carried forward to Balance Sheet	216.62	(120.78)

FINANCIAL AND OPERATIONAL REVIEW

Your Directors are pleased to report the performance of the business operations of your Company as per the following details:

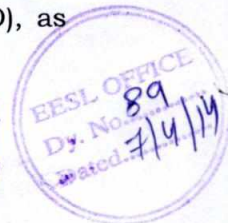
FINANCIAL PERFORMANCE

The total income of your Company for the year under review is Rs. 597.07 lacs. The profit before tax (PBT) and profit after tax (PAT) stood at Rs.447.16 lacs and Rs.337.40 lacs respectively.

OPERATIONAL HIGHLIGHTS

Your Company has been set up as a Joint Venture Company of four Central Public Sector Undertakings of Ministry of Power, Government of India viz. NTPC Ltd, Powergrid Corporation of India Ltd, Power Finance Corporation Ltd and Rural Electrification Corporation Ltd with an objective of implementing programmes and projects in the field of energy efficiency including the National Mission for Enhanced Energy Efficiency (NMEEE) which is one of the eight National Missions announced by the Hon'ble Prime Minister as a part of "National Action Plan on Climate Change". The Company will work in implementing programmes like Bachat Lamp Yojana, Energy Efficiency in Buildings, Agricultural pumping and Municipalities. It will also act as an energy service company (ESCO), as

*Certified
as True
Suresh*



resource center, as Consultancy Organization for State Designated Agencies and other State and Central Government agencies and for implementing Govt. schemes like Perform Achieve and Trade (PAT), Standards & Labelling etc.

The key highlights pertaining to the business of your Company for the year 2010-11 and period subsequent thereto are given hereunder:

A. Implementation of energy efficiency projects for Demand Side Measures including municipal functions, agriculture, public building, lighting etc.

a. Energy Efficiency in the household lighting sector -Bachat Lamp Yojana ("BLY")

Company has signed following BLY agreements:

- (i) Bilateral agreement signed with Punjab State Power Corporation Limited to implement BLY projects in 7 circles of Punjab envisaging replacement of about 5.7 million incandescent bulbs with CFLs thereby resulting in cumulated savings of about 3378 MUs across the life of the project.
- (ii) Bilateral agreement signed with Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd. to implement BLY projects in 14 circles of Bhopal envisaging replacement of about 3.4 million incandescent bulbs with CFLs thereby resulting in cumulated savings of about 2233 MUs across the life of the project.
- (iii) Bilateral agreement signed with Bangalore Electricity Supply Company Ltd to implement BLY projects in HSR Division South and Additional West circles of Bangalore envisaging replacement of about 2 million incandescent bulbs with CFLs thereby resulting in cumulated savings of about 918 MUs across the life of the project.

Besides, Company is at the advance stage of discussions for signing of BLY agreements with DISCOMS of Chandigarh, Chhattisgarh and Uttaranchal.

b. Energy Efficiency in Buildings

Bankable Detailed Project Reports (DPRs) of Andhra Pradesh, Rajasthan, Chattisgarh and Maharashtra has been financially appraised. The draft energy performance agreement is under consideration with the Rajasthan Government meanwhile.

c. Energy Efficiency in Municipalities

Meerut Municipal Corporation, Meerut has issued no objection certificate to Company for implementation of energy efficiency measures in water pumping and street lighting segment in Meerut. Estimated annual energy savings of about 3.5 MUs and 16.07 MW in water pumping and street lighting respectively are envisaged.



B. Implementation of schemes, programmes and policies of central and state governments or its agencies

a. Implementation of activities under the State Energy Conservation Fund (SECF)

Company has entered into agreement(s) the State Designated Agencies (SDAs) of Kerala, Andhra Pradesh, Chhattisgarh, Arunachal Pradesh, Punjab and Haryana to facilitate implementation of the activities under the State Energy Conservation Fund (SECF) i.e. preparation of the sector-specific Annual Energy Savings Plan and preparation of DPRs for waste heat recovery in Small and Medium Enterprises (SME's) and large Industries of the State. Similar assignments are also being explored from SDA's of Assam, West Bengal and Himachal Pradesh.

b. Implementation of the schemes of the Bureau of Energy Efficiency("BEE")

The Company has been awarded the task of:

- (i) Conducting the baseline energy audit of the designated consumers under its Perform, Achieve & Trade ("PAT") scheme. PAT scheme concentrates on eight industrial sectors namely Thermal Power Plants, Iron & Steel, Fertilizer, Cement, Aluminium, Pulp & Paper, Textile and Chlor-alkali wherein about 545 industries (known as designated consumers (DCs) are covered. The baseline energy audit for 93 industries has been completed.
- (ii) Processing applications of 7 products under its Standards & Labelling programme ("S & L") of which 3 products are under the voluntary regime i.e. Ceiling Fans, Colour Television and Agricultural Pump sets and 4 products are under the mandatory regime i.e. Refrigerator, Room Air Conditioner, Tubular Fluorescent Lamp and Distribution Transformer. So far, about 3,337 applications have been processed & approved by BEE. Under the S & L scheme, the company has also undertaken the task of Check testing of BEE approved Models for the equipments i.e. Ceiling Fan, Color Television, Electrical Water Heater, Agricultural Pump sets and Distribution Transformer. Check testing of about 148 samples of Water heater, Pump sets and Color Television are under process.

C. Consultancy services (energy efficiency projects of Municipal Corporations, PHEDs and energy efficiency initiatives under the Corporate Social Responsibilities of other companies)

a. Energy Efficiency Projects (Municipal, PHED etc)

- (i) Bruhath Bangalore Mahanagara Palike (BBMP) has awarded the task for conducting energy audit of street lighting, preparation of detailed project report and facilitating selection of implementation agency for energy efficient street lighting project through ESCO mode covering 8 zones, about 18028 switch points and about 429194 street lights.
- (ii) Hubli Electricity Supply Company Limited (HESCOM) has awarded the work for preparation of DPR for Medleri and Nippani (Hubli). Initial field study in Nippani Region has been conducted. For Medleri region, HESCOM has been requested to suggest another region in view of ample river bed noticed therein.
- (iii) PHED, Rajasthan awarded the task for conducting energy audit of pumping installations of urban water supply scheme of Dausa & Chomu division along with preparation of specific action plan and roadmap for saving energy for



PHED, Rajasthan. Preliminary data collection alongwith Energy Audit of 64 Pumps at 07 pumping Stations located in Jaipur, Rajasthan has been completed and the project is being financially appraised.

b. Energy Efficiency Initiatives under Corporate Social Responsibility("CSR") Projects :

The Company is preparing the DPR for CSR project of PFC Ltd which envisage conversion/replacement of the existing street lights of a popular tourist place with LED street lights at Mussorie, Uttarakhand. A total number of 500 street lights of 250W and 150W HPSV have been identified in different locations of Mussorie. Demonstrations with 100W and 80W LED street lights have shown that existing lux levels can be maintained.

International Co-operation

During the Indo-German intergovernmental consultations conducted in November, 2010, both the governments have agreed on the provision of line of credit of 50 million Euro from kfw (German Government) on concessional terms and a complementary accompanying measures grant of 1.5 million Euro to support the operations of the Company including funding energy efficiency projects in the field of buildings and other public infrastructure. Besides, the Company is in conversation with the Ministry of Power to grant its approval for receipt of 500000 Euro which comes on top of the main project funds for project preparation from kfw.

Your Company has also approached the World Bank for a US\$5 Mn funded project envisaging replacement of old energy in-efficient chillers with better variants in commercial buildings. In this connection, Company has also submitted a proposal to act as technical consultants to World Bank in such projects thereby assessing & advising on the ground realities before these projects are rolled out.

The management discussion and analysis report highlighting the important aspects of the business, operations and performance is attached as **Annexure I** and forms part of this report.

PROSPECTS

Energy Efficiency is a new & evolving business area and within the country there are no set precedents of successful investments in this type of business. Your Company is marching ahead with grit and determination bravely facing all the challenges and is poised to leverage its resources and strengths for exploiting the growth opportunities to make and maintain a leading position in this sector. The Company is set to increase its footprints through participation in strategic projects and assignments. The Company intends to focus on avenues available under the National Mission on Enhanced Energy Efficiency ("NMEEE") and also leveraging its consultancy arm along with selective approach. Company is also looking towards some of the countries in the Asian region for consultancy assignments for replicating successes in the field of energy efficiency achieved in India. Identifying, procuring and investing in viable energy efficiency implementation projects will be Company's key challenges for 2011-12. Your Company is confident about the year ahead and beyond.



DIVIDEND

In order to conserve resources to meet the future growth requirements of the Company, the Directors feel it prudent to retain the profits and not to recommend any dividend for the year ended 31st March 2011.

PUBLIC DEPOSITS

During the year under report, your Company did not accept any deposits from the Public in terms of the provisions of Section 58A of the Companies Act, 1956.

AUDIT REPORT

The Comptroller and Auditor General of India (C&AG) has appointed M/s Jain & Anand, Chartered Accountants, New Delhi as Statutory Auditor of the Company for the period starting from April 1, 2010 to March 31, 2011. The Auditors' Report to the Balance Sheet and Profit and Loss Account is self-explanatory and do not call for any further comments.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Comments on the accounts for the year ended 31st March, 2011 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in **Annexure-II** to this Report.

As per C & AG's comment, "As required by Schedule VI of the Companies Act, 1956, the Company did not disclose distinctly the unutilized share application money (pending allotment) of Rs. 97.50 crores kept as deposit with the Scheduled Banks as on 31st March, 2011"

The management replies to above is "Noted for future compliance".

SECRETARIAL COMPLIANCE REPORT

The Company has appointed M/s N. Kochhar & Co., Company Secretaries, for giving the Certificate of compliance. The Certificate is attached as **Annexure-III**



ENERGY CONVERSATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as under:

- a. Conservation of Energy & Technology Absorption:** Since the Company is not engaged in any manufacturing activity, issues relating to conservation of energy and technology absorption are not quite relevant to its functioning.
- b. Export Activities:** There was no export activity in the Company during the year under review.
- c. Foreign Exchange Earning & Outgo:** The details of foreign exchange earning & outgo are as follows:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
(a) Expenditure in Foreign Currency	23,250/-	Nil
(b) Earning in Foreign Currency	Nil	Nil

PARTICULARS OF EMPLOYEES

During the period under review, the Company had no employees in receipt of remuneration exceeding the limit prescribed, under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars) of Employees Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-11 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on going concern basis.



BOARD OF DIRECTORS

In compliance of the provisions of Section 256 of the Companies Act, 1956, Shri Rajeev Sharma and Shri P. J. Thakkar, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

Following changes have been occurred in the Board of Directors of the Company:-

- a) Shri I J Kapoor has been appointed as Director of the Company in place of Shri Arup Roy Choudhury.
- b) Shri R T Agarwal has been appointed as Director of the Company in place of Shri J Sridharan.
- c) Shri Sanjeev Kumar has been appointed as Director of the Company in place of Shri Devender Singh.
- d) Shri Sisir Das has been appointed as Director of the Company in place of Shri Rakesh Jain.

The Company has received a notice under section 257 of the Companies Act, 1956 from members of the Company for appointment of Shri I J Kapoor, Shri R T Agarwal, Shri Sanjeev Kumar and Shri Sisir Das as Director(s), liable to retire by rotation in the ensuing Annual General Meeting.

The Board of Directors place on record its deep appreciation for valuable contribution made by Shri Arup Roy Choudhury, Shri Devender Singh, Shri Rakesh Jain and Shri J. Sridharan during their association as Director of the Company.

AUDIT COMMITTEE

Your Directors has constituted an Audit Committee of the Board of Directors on March 24, 2011. As on 31st March, 2011, the members of Audit Committee were:

1. Shri Rajeev Shrama, Director
2. Shri P J Thakkar, Director
3. Shri R T Agrawal, Director

ACKNOWLEDGMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by NTPC Ltd, Power Finance Corporation Ltd , Power Grid Corporation of India Ltd, Rural Electrification Corporation Limited, the Bureau of Energy Efficiency, the Ministry of Power, Government of India, the Auditors and Bankers of the company. The Directors also thank the employee's for their contribution to company's operations during the period under review.

For and on behalf of the Board of Directors

S/d
(I. J. Kapoor)
Chairman

Place: New Delhi
Date: 15/07/2011





AUDITORS' REPORT

TO,

**THE MEMBERS OF
ENERGY EFFICIENCY SERVICES LIMITED,**

1. We have audited the attached Balance Sheet of ENERGY EFFICIENCY SERVICES LIMITED as at 31st March 2011, and also the Profit & Loss Account for the period from 01.04.2010 to 31.3.2011 annexed there to. These Financial Statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the companies (Auditors Report) order 2003 issued by the central government of India in terms of section 227(4A) of the Companies Act, 1956, there is no transaction applicable on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments referred to in paragraph 3 above we report as follow: -
 - a) We have obtained all the information and explanations. which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts. as required by law, have been kept by the company so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit & Loss Accounts referred to in this report are in agreement with the books of accounts
 - d) In our opinion the balance sheet and Profit & Loss account dealt by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the companies act 1956 Subject to: -

*Certified as true
Sd/-*



e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per notification number GSR 829(E) dated October 21, 2003 issued by department of Company Affairs.


f) In our opinion and the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with significant accounting policies, Notes to the Accounts and Schedules annexed thereto, give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India :-

i In case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011.

ii In case of the Profit & Loss Account, of loss of the Company for the period from 01.04.2010 to 31.3.2011.

iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Jain & Anand.
Chartered Accountants


(M K Jain)
Partner (M No. 08958)



Place: New Delhi
Date: 07.06.2011



Annexure referred to in paragraph (2) of our report of even date

Energy Efficiency Services Limited

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) There is no inventory maintained by the company.
- (iii) The company has not granted loans to any companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.



- (vii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (viii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including investor education fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty service tax and other material statutory dues applicable.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payables in respect of income tax, sales tax, service tax, customs duty, service tax and excise duty were in arrears, as at 31st March 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.

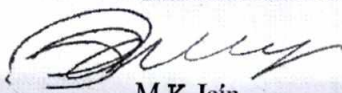
- (ix) In our opinion, the accumulated losses of the company are not more than fifty per cent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
- (xi) We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



JAIN&ANAND
Chartered Accountants

- (xiii) In our opinion, the company is not dealing in or trading in shares securities, ~~debentures and~~ other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others ~~from~~ banks or financial institutions are not prejudicial to the interest of the company.
- (xv) No term loan have been raised by the company.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xvii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
- (xviii) The Company did not have any outstanding debentures during the year.
- (xix) The Company has not raised any money through a public issue during the year.
- (xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Jain & Anand
Chartered Accountants



M K Jain
(Partner)
Membership No. 080



Place : New Delhi

Date : 07.06.2011



ENERGY EFFICIENCY SERVICES LIMITED

BALANCE SHEET AS AT 31.03.2011

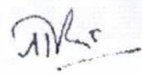
PARTICULARS	SCHEDULE	As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
I. SOURCES OF FUND			
A. SHARE HOLDERS FUND			
Share Capital	A	2,50,00,000.00	2,50,00,000.00
Share Application Money (Pending Allotment)		97,50,00,000.00	24,37,50,000.00
Reserves & Surplus	B	2,16,62,029.00	-
		102,16,62,029.00	26,87,50,000.00
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
Gross Block	C	34,36,078.00	-
Less: Depreciation		4,79,949.00	-
Net Block		29,56,129.00	-
B. DEFERRED TAX ASSET			
		20,64,390.00	-
C. CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors			
Cash and bank balances		1,16,39,769.00	-
Other Current Assets		108,20,39,294.64	26,79,71,280.00
Loans & Advances		54,09,823.00	61,644.00
	(a)	1,49,18,991.00	-
		111,40,07,877.64	26,80,32,924.00
D. CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	E	8,43,25,967.64	1,13,61,030.00
Provisions		1,30,40,400.00	-
	(b)	9,73,66,367.64	1,13,61,030.00
NET CURRENT ASSETS	(a-b)	101,66,41,510.00	25,66,71,894.00
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Profit & Loss Account (Debit Balance)		-	1,20,78,106.00
		102,16,62,029.00	26,87,50,000.00

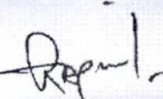
Significant Accounting Policies & Notes to Accounts K


The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors


(Anjana Luthra)
Company Secretary


(Jiwesh Nandan)
Chief Executive Officer


(R. T. Agarwal)
Director


(Arup Roy Choudhury)
Chairman

As per our report of even date attached

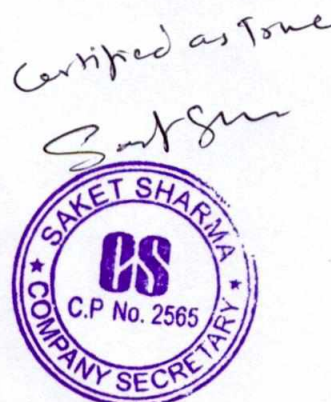
FOR JAIN & ANAND
CHARTERED ACCOUNTANTS
Firm Regn. No. 005491N


(M K Jain)
Partner

M No. 080687

PLACE New Delhi

DATE: 07.06.2011



ENERGY EFFICIENCY SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

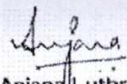
PARTICULARS	SCHEDULE	Fly 2010-11 Amount (Rs.)	Fly 2009-10 Amount (Rs.)
I. INCOME			
Sales & Services	F	1,54,49,019.00	-
Other Incomes	G	4,42,58,241.00	61,644.00
		5,97,07,260.00	61,644.00
II. EXPENDITURE			
Employee Cost	H	79,58,919.00	-
Administrative Expenses	I	65,41,075.00	11,030.00
Finance & Other Expenses	J	11,172.00	-
Preliminary Expenses		-	1,21,28,720.00
Depreciation	C	4,79,949.00	-
Total		1,49,91,115.00	1,21,39,750.00
III. PROFIT			
Profit(Loss) Before Taxes		4,47,16,145.00	(1,20,78,106.00)
Less : <u>Provision for Taxation</u>			
- Current Tax		1,30,40,400.00	-
- Deferred Tax Asset		(20,64,390.00)	-
Profit(Loss) After Tax		3,37,40,135.00	(1,20,78,106.00)
Brought Forward from Previous Year Profit / (Loss)		(1,20,78,106.00)	-
BALANCE CARRIED FORWARD TO BALANCE SHEET		2,16,62,029.00	(1,20,78,106.00)

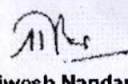
Earning Per Share (Equity Share Face Value Rs 10/- Each)

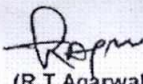
- Basic (Rs)	13.50	(4.83)
- Diluted (Rs)	0.44	(4.83)

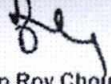
Significant Accounting Policies & Notes to Accounts **K**
 The Schedules referred to above form integral part of the Accounts

For and on behalf of Board of Directors


 (Anjana Luthra)
 Company Secretary

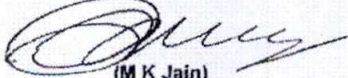

 (Jiwesh Nandan)
 Chief Executive Officer


 (R T Agarwal)
 Director


 (Arup Roy Choudhury)
 Chairman

As per our report of even date attached

FOR JAIN & ANAND
 CHARTERED ACCOUNTANTS
 Firm Regn. No. 005491N


 (M K Jain)
 Partner
 M No. 080687
 PLACE : New Delhi
 DATE: 07.06.2011



*Certified as True
 Sd/-*



ENERGY EFFICIENCY SERVICES LIMITED

BALANCE SHEET AS AT 31.03.2011

As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
-------------------------------------	-------------------------------------

SCHEDULE "A" - SHARE CAPITAL

AUTHORISED

19,00,00,000 Equity shares of Rs. 10/- each

190,00,00,000.00 190,00,00,000.00

ISSUED, SUBSCRIBED AND PAID-UP

25,00,000 Equity Shares of Rs. 10 each

2,50,00,000.00 2,50,00,000.00

(Previous year 25,00,000 Equity shares of Rs. 10/- each)

2,50,00,000.00 2,50,00,000.00

SCHEDULE "B" - RESERVES & SURPLUS

Profit & Loss Account

2,16,62,029.00 -

2,16,62,029.00 -

SCHEDULE " D CURRENT ASSETS, LOANS & ADVANCES

SUNDRY DEBTORS

Debts Outstanding for a period exceeding Six Months

Considered Good

Considered Doubtful

Other Debts

Considered Good

1,16,39,769.00

1,16,39,769.00

CASH & BANK BALANCE :-

(i) Cash in hand

75,000.00

(ii) Bank Balance

- Current Accounts [including Rs. 6.61 crores & Rs. 0.495 crores
(Previous Year NIL) lying in designated account meant for specified
disbursal i.e. PAT A/c & 3L A/c respectively]

7,76,84,199.64 25,29,71,280.00

100,42,80,095.00 1,50,00,000.00

- Term Deposits

108,20,39,294.64 26,79,71,280.00

OTHER CURRENT ASSETS

Interest Accrued on Fixed Deposit with Bank

54,09,823.00 61,644.00

54,09,823.00 61,644.00

LOANS & ADVANCES

Advance Recoverable in cash or in kind or for value to be received

1,41,23,819.00 -

Advance Tax & TDS

8,000.00 -

Security Deposit (MTNL)

6,76,323.00 -

Advance for advertisement (Municipal Corporation Ludhiana)

1,10,849.00 -

Others

1,49,18,991.00 -

Particulars of Loans & Advances

Secured

1,49,18,991.00 -

Unsecured Considered Good

- -

Considered Doubtful

1,49,18,991.00 -



AS

AS

AS

AS

ENERGY EFFICIENCY SERVICES LIMITED

BALANCE SHEET AS AT 31.03.2011

As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
-------------------------------------	-------------------------------------

SCHEDULE "E" -CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Liabilities for Expenses	40,83,399.00	-
Retention Money	22,000.00	-
Advance Received from BEE including Interest Income	7,11,22,397.42	-
EMD	1,68,000.00	-
Service Tax Payable	13,63,846.22	-
TDS Payable	58,29,248.00	-
Expenses Payable	17,37,077.00	1,13,61,030.00
	8,43,25,967.64	1,13,61,030.00

PROVISIONS

Provision for Taxation	1,30,40,400.00	-
	1,30,40,400.00	-

SCHEDULE "F" :-SALES & SERVICES

Consultancy Inwme		1,19,40,569.00
PAT Advances & Expenses Recovered from BEE (from advance given)	5,10,18,649.58	
Less:- PAT Advances & Expenses Paid on behalf of BEE	<u>(5,10,18,649.58)</u>	
Monitoring, Evaluation & Testing Fees of Energy Efficiency Equipment	44,97,450.00	
Less:- Monitoring, Evaluation & Testing Expense	<u>(9,89,000.00)</u>	
	35,08,450.00	
		1,54,49,019.00

SCHEDULE "G" :-OTHER INCOME

Bid Processing Fees	4,61,000.00	-
Interest Income from UBI [TDS Rs. NIL (Previous Year Rs. NIL)]	21,34,167.00	-
Interest Income from Vijaya Bank [TDS Rs. 42,58,322/- (Previous Year Rs. NIL)]	4,16,63,074.00	61,644.00
	4,42,58,241.00	61,644.00

SCHEDULE "H" : EMPLOYEE COST

Salary to Staff (Inclusive all Allowances)	60,79,389.00	-
Manpower Expenses	15,37,378.00	-
Employer Cont to P.F	1,26,602.00	-
Staff Welfare Expenses	2,15,550.00	-
	79,58,919.00	-



ENERGY EFFICIENCY SERVICES LIMITED

BALANCE SHEET AS AT 31.03.2011

As at 31.03.2011 Amount (Rs.)	As at 31.03.2010 Amount (Rs.)
-------------------------------------	-------------------------------------

SCHEDULE "I" : ADMINISTRATIVE EXPENSES

Legal Fees	53,500.00	-
Conveyance Expenses	6,28,866.00	-
Telephone Expenses	72,160.00	-
Misc. Expenses	9,528.00	-
Computer Repair & Maintenance Expenses	25,980.00	-
Professional Charges for Tax Services	55,000.00	-
Internal Audit Fees	25,000.00	-
Postage & Courier	19,354.00	-
Advertisement & Publicity Expenses	19,08,355.00	-
Printing & Stationery Expenses	4,93,445.00	-
Books & Periodicals	5,772.00	-
Office Repair & Maintenance Expenses	2,21,781.00	-
Website Expenses	2,05,000.00	-
internet Expenses	48,373.00	-
Technical & Consultancy Expenses	5,36,155.00	-
Meeting Expense/Hospitality Expenses	1,00,280.00	-
Generator Expense	5,67,185.00	-
Tour & Traveling Expenses	6,029.00	-
Tour & Traveling Expenses (Foreign)	23,250.00	-
Sponsorship Expenses	1,81,324.00	-
Corporate Membership Fee	8,500.00	-
Feasibility Fee for DPR	2,79,238.00	-
Rent	9,70,000.00	-
ROC Fee	10,000.00	-
Commission	12,000.00	-
Electricity Expenses	40,000.00	-
Auditor's Remuneration	35,000.00	11,030.00
	<u>65,41,075.00</u>	<u>11,030.00</u>

SCHEDULE "J" : FINANCE & OTHER CHARGES

Bank Charges	11,172.00	-
	<u>11,172.00</u>	-

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ENERGY EFFICIENCY SERVICES LIMITED
SCHEDULE FORMING PART OF THE ANNUAL ACCOUNTS AS ON 31.03.2011

SCHEDULE "C" - FIXED ASSETS

DESCRIPTION	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	AS ON 01.04.2010	ADDITION ADJ. 31.03.2011	FOR THE YEAR 01.04.2010 31.03.2011	UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
CELL PHONES	1,66,410.00	-	39,965.00	39,965.00	1,26,445.00	
REFRIGERATOR	23,900.00	-	88.00	88.00	23,812.00	
FURNITURE & FITTING	26,296.00	-	826.00	826.00	25,470.00	
COMPUTERS	24,53,927.00	-	3,46,063.00	3,46,063.00	21,07,864.00	
SOFTWARE	765,545.00	-	93,007.00	93,007.00	6,72,538.00	
TOTAL	-	34,36,078.00	-	4,79,949.00	29,56,129.00	

PREVIOUS YEAR

For and on behalf of Board of Directors

(Signature)
 (R. T. Agarwal)
 Director

(Signature)
 (Jiwesh Nandan)
 Chief Executive Officer

(Signature)
 (Anjana Mathra)
 Company Secretary

As per our report of even date attached

FOR JAIN & ANAND
 CHARTERED ACCOUNTANTS
 Firm Regn. No. 005491N



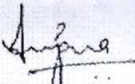
(Signature)
 (M K Jain)
 Partner
 M No 080687
 PLACE : New Delhi
 DATE : 07.06.2011



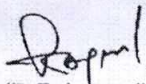
ENERGY EFFICIENCY SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM 01.04.2010 TO 31.03.2011

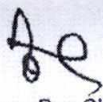
	Amount (Rs.)	Amount (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	4,47,16,145.00	
Adjustment for:-		
DEPRECIATION	4,79,949.00	
Operating Profit Before Working Capital Changes	4,51,96,094.00	
INCREASE/(DECREASE) IN A/Cs RECIEVABLES		
Sundry Debtors	1,16,39,769.00	
Interest Accrued on Fixed Deposit with Bank	53,48,179.00	
Security Deposit (MTNL)	8,000.00	
Advance for advertisement (Municipal Corporation Ludhiana)	6,76,323.00	
Others	1,10,849.00	
Advance Tax & TDS	141,23,819.00	(3,19,06,939.00)
INCREASE/(DECREASE) IN A/C PAYABLE		
Liabilities for Expenses	40,83,399.00	
Retention Money	22,000.00	
Advance Received from BEE	7,11,22,397.42	
Advance Received under Bidding Processing Fees	1,68,000.00	
TDS Payable	58,29,248.00	
Service Tax Payable	13,63,846.22	
Expenses Payable	(96,23,953.00)	7,29,64,937.64
INCREASE/(DECREASE) IN TAXES (Income Tax)		
NET CASH FROM OPERATING ACTIVITIES		8,62,54,092.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Schedule C)	(34,36,078.00)	
NET CASH USED IN INVESTING ACTIVITIES		(34,36,078.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money (Schedule A)	73,12,50,000.00	
NET CASH FROM FINANCING ACTIVITIES		73,12,50,000.00
D. Net Change in Cash & Cash Equivalents (A+B+C)		81,40,68,014.64
E. Cash & Cash Equivalents (Opening Balance)		26,79,71,280.00
F. Cash & Cash Equivalents (Closing Balance) (D+E)		108,20,39,294.64

For and on behalf of Board of Directors


 (Anjana Luthra)
 Company Secretary


 (Jiwesh Nandan)
 Chief Executive Officer


 (R. T. Agarwal)
 Director


 (Arup Roy Choudhury)
 Chairman

As per our report of even date attached

FOR JAIN & ANAND
 CHARTERED ACCOUNTANTS
 Firm Regn. No. 005491N


 (M K Jain)
 Partner
 M No. 080687
 PLACE : New Delhi
 DATE: 07.06.2011



ENERGY EFFICIENCY SERVICES LIMITED

SCHEDULE K: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED
31st MARCH, 2011)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION

The accounts have been prepared on accrual basis of accounting under the historical cost convention in accordance with generally accounting principles in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there under.

2) FIXED ASSETS

Fixed assets are stated at cost of acquisition including taxes, duties, identifiable direct expenses and expenses on installation, and are net of depreciation provided thereon.

3) DEPRECIATION

Depreciation on fixed assets is computed on Straight Line Method as per rates in accordance with Schedule XIV under Companies Act. 1956 and on the pro-rata basis with respect to the date of addition. However in view of useful life of assets of Cell Phones, Refrigerator, Computers and Softwares higher depreciation rates have been considered as per details given below:

Nature of Asset	Depreciation Rate
Cell Phones	33.33%
Refrigerator	15.00%
Computers	30.00%
software	33.33%

4) IMPAIRMENT:

At each Balance Sheet date, the management reviews the carrying amounts of Fixed Assets to determine whether there is any indication that these assets suffered any impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss and necessary provisions are made against such impairment loss, which is recognized as an expense in the Profit & Loss Account.

During the year, there was no indicator as specified under AS-28. Therefore, company has not impaired its fixed assets.

5) PROVISION:

A provision is recognized when an enterprise has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligations at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



6) CASH FLOW STATEMENT:

Cash Flow Statement is prepared in accordance with the Indirect Method prescribed in Accounting Standard -3 "Cash Flow Statement"

7) EMPLOYEE BENEFITS

Short term employee benefits are charged off in the year in which the related service is rendered.

There is no long term employee benefit

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contribution to the Provident Fund is charged to the Income and Expenditure Account for the period when the contribution to the respective fund is due.

8) TAXES ON INCOME

Provision for taxation is based on assessable profit of the company computed in accordance with the provisions of the Income tax Act, 1961, and rules framed there under.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with the Income Tax Act, 1961.

In accordance with the Accounting standard AS-22, issued by the Institute of Chartered Accountants of India, the provision for deferred tax has been made in the accounts. Deferred Tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rate of taxes to the extent that the timing differences are expected to crystallize.

9) INVENTORY

Entity is a service organization and there is no stock in the nature of inventory hence, AS-2 is not applicable

10) REVENUE RECOGNITION

Income from consultancy contracts are accounted for based on progress of services rendered

11) EXPENDITURE

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities

12) INVESTMENTS

Investments are classified into current and long-term investments. Investments are stated at the lower of cost and fair value. Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments.

There is no investment made by the companies hence AS-13, is not applicable

Ac

11/11/10



NOTES ON ACCOUNTS

I. CONTINGENT LIABILITIES

There are no Contingent Liabilities during the year.

2. SEGMENTAL REPORTING

The accounting policies applicable to the reportable segment are the same as those used in the preparation of the financial statements as set out above. Segment revenue expenses include amounts which can be directly identifiable to the segment or allocable on a reasonable basis

Segment assets include all operating assets used by the segment and consist primarily of debtors, inventories and fixed assets, segment liabilities include all operating liabilities and consist primarily of creditors and statutory liabilities.

The Company has functioned under a single line of operations and has not diversified business operations. so there is no separate business / geographical segment as per AS-17 regarding "Segment Reporting" issued by the institute of Chartered Accountants of India.

3 RELATED PARTY DISCLOSURES

In accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the following disclosures have been made:

The company having 3 No.s staff on deputation from NTPC and Powergrid Corporation of India Ltd whose salaries are paid by the principals, the same to be reimburse by us.

Nature of Transaction

i.) Salary

<u>Name of Party</u>	<u>Current Year</u>	<u>Previous Year</u>
Power Grid Corporation of India Limited	16,10,782.00	NIL
National Thermal Power Corporation Limited	28,57,774.00	NIL

ii.) Share Application Money & Share Capital

<u>Name of Party</u>	<u>Current Year</u>	<u>Previous Year</u>
Power Grid Corporation of India Limited	NIL	25,00,00,000.00
National Thermal Power Corporation Limited	24,37,50,000.00	62,50,000.00
Rural Electric Corporation	24,37,50,000.00	62,50,000.00
Power Finance Corporation	24,37,50,000.00	62,50,000.00

4. As per information available with the company, no amount is due to any small Scale Industrial Undertaking.

5. AUDITORS REMUNERATION

<u>Nature of Transaction</u>	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Audit Fee	35,000.00	11,030.00

6. QUANTITATIVE INFORMATION

Company is Service providing as due to nature of business the quantitative information detail is not applicable.



7. Previous year's figures have been regrouped wherever necessary to confirm to Current year's classification.

8. CASH FLOW STATEMENT

Cash Flow Statement has been prepared as per Indirect Method. (AS-3 issued by Institute of Chartered Accountants of India.)

9. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Profit attributed to equity shareholders	3,37,40,135	(1,20,78,106)
Basic weighted average number of equity shares outstanding during the year	25,00,000	25,00,000
Basic Earnings Per Equity Share of Rs. 10 each	13.50	(4.83)
Diluted weighted average number of equity shares outstanding during the year	7,58,67,466	25,00,000
Diluted Earnings Per Equity Share of Rs. 10 each		

10. TAXATION

Tax expense comprises of current & deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and the tax regulations in the jurisdictions where the company conducts its business. Deferred income taxes charge or credit reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

		Current Year (Rs.)	Previous Year (Rs.)
Deferred Tax Assets in respect of Preliminary Expenses	A	21,83,170	-
Deferred Tax Liability in respect of Depreciation on Fixed Assets	B	(1,18,780)	-
Deferred Tax Asset / (Liabilities)	A-B	20,64,390	-



11. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 REGISTRATION DETAILS

Registration No.: U40200DL2009PLC196789 State Code: 55
Balance Sheet Date ; 31.03.2011

2 CAPITAL RAISED DURING THE YEAR

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Rs. in '000)

Total Liabilities	11,19,028.40	Total Assets	11,19,028.40
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SOURCE OF FUNDS

Paid Up Capital	25,000.00	Reserve and Surplus	21,662.03
Secured Loan	NIL	Unsecured Loan	NIL
Share Application Money	9,75,000.00		

APPLICATION OF FUNDS

Net Fixed Assets	2,956.13	Investment	NIL
Net Current Assets	10,16,641.51	Misc. Expenditure	NIL

4 PERFORMANCE OF THE COMPANY

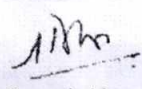
Turnover (including other income)	59,707.26	Total Expenditure	14,991.12
Profit Loss Before Tax	44,716.15	Profit Loss After Tax	33,740.14
Earnings Per Share (Basic) (in Rs.)	13.50	Dividend Rate (%)	

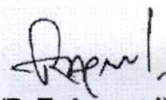
5 GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY

Item Code No. (ITC Code) NIL

For and on behalf of Board of Directors

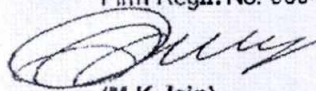

(Anjana Luthra)
Company Secretary


(Jiwesh Nandan)
Chief Executive Officer


(R. T. Agarwal)
Director


(Arup Roy Choudhury)
Chairman

FOR JAIN & ANAND
CHARTERED ACCOUNTANTS
Firm Regn. No. 005491N


(M K Jain)
Partner (M No. 080687)
PLACE : New Delhi
Date : 07.06.2011

