



**Independent Auditor's Report to the Program Financial Statements for the period
01.04.2017 to 31.03.2019 for Energy Efficiency Scale Up Program under Loan No. 8857-
IN**

To,
Mr. Saurabh Kumar,
Managing Director,
Energy Efficiency Services Limited,
5th & 6th Floor, Core - 3, Scope Complex,
Lodhi Road, New Delhi 110003.

Report on the Audit of the Program Financial Statements

Opinion

We have audited the accompanying special purpose financial statements **Energy Efficiency Scale Up Program** financed by the International Bank for Reconstruction and Development (IBRD) under Loan No. 8857-IN and implemented by Energy Efficiency Services Limited. These financial statements comprise of Statement and Applications of Funds and notes to these financial statements, including a summary of significant accounting policies (collectively referred to as the "Program Financial Statements").

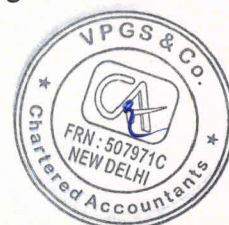
In our opinion, the aforesaid special purpose Program Financial Statements (PFS) give a true and fair view of the receipts and disbursements of the Program for the year ended March 31, 2019 and the expenditure of the Program for the year ended March 31, 2019, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Loan No. 8857-IN dated 28th August, 2018 described in the Financial Statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). 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 implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- The PFS is prepared to assist the Energy Efficiency Services Limited to meet the financial reporting requirements of the Program Loan Agreement for Energy Efficiency Scale Up Program dated August 28, 2018 in respect of preparation of the Program



Financial Statements in a manner to reflect the operations, resources and expenditures related to the Program. As a result, these special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance for the Program Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Program Financial Statements in accordance with the financial reporting framework and for such internal control as management determines is necessary to enable the preparation of Program Financial Statements that are free from material misstatement, whether due to fraud or error.

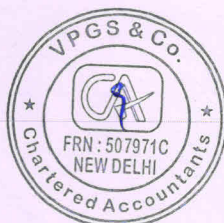
The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Program Financial Statements

Our objectives are to obtain reasonable assurance about whether the Program 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 the Standards of Auditing 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 Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Program 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management



- evaluate the overall presentation, structure and content of the Program Financial Statements, including the disclosures and whether these financial statements present the Program's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting provisions described in Annexure-2 to the Program Financial Statements.
- 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.
- provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The implementing agency Energy Efficiency Services Limited has prepared a separate set of entity financial statements for the year ended March 31, 2019 on which KK Soni & Co. have issued a separate auditor's report to the Shareholders dated 27th May 2019 and expressed a modified audit opinion.

Report on Other Legal and Regulatory Requirements


Further to our opinion on the Program Financial Statements we further report that:

- Program Expenditure reflected in the PFS has been exclusively financed through sources as detailed in the AFS and no other sources of funds were used.
- Program expenditure is in accordance with the financing agreement and necessary documents, records, and accounts have been kept in support thereof.
- Contracts of values higher than the stipulated thresholds have been excluded from Program Expenditure.
- Program funds were utilized for the purposes for which they were intended.
- That the PFS are in agreement with the books of account; and clear linkage exists between the books of account and the PFS.
- Accounting and internal control systems including internal audit underlying the Program were adequate and maintained throughout the audit period.



- g. Procurements made by EESL under the program had been undertaken in accordance with agreed procedures.

For V P G S & Co
Chartered Accountants
FRN No. 507971C



(Gulshan Gaba)

Partner

Membership No. 088726

Place: New Delhi

Date: 24.01.2020

UDIN :- 20088726AAAAAJ4861

