



## INDEPENDENT AUDITOR'S REPORT TO

The Board of Directors of  
**Energy Efficiency Services Limited**

1. We have audited the accompanying Standalone Statement of Financial Results of Energy Efficiency Services Limited ("the Company") for the year ended March 31, 2018 ("the Standalone Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and circular No. CIR/IMD/DFI/69/2016 dated August 10, 2016.

This Standalone Statement, which is the responsibility of the Company's Management and approved by the Board, has been prepared on the basis of the related financial statements which is in accordance with the Accounting Standards prescribed under Sec 133 of the Companies Act, 2013, read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Standalone Statement based on our audit of such Ind AS standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Statement are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair representation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

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

### **Basis of Qualified Opinion:**

1.
  - a) Attention is invited to the Note 10 to the Financial Statements on the accounting treatment of Trade Receivables. These receivables are due from government-controlled entities (both central and state government) and other customers. Significant amount is outstanding for the period of more than 360 days which accounts for about 45% of total outstanding as on 31-03-2018, the management has given explanation that such long overdue outstanding have arisen in the normal course of business.



Attention is invited to Note no. 40 with regard to financial risk management of Trade receivables in the Financial Statements which is stated as under:

“The Company earns its revenue mainly from government-controlled entities (both central and state government). As these entities are government controlled, the counter party risk attached to such receivables are considered to be insignificant. For rest of the customers, Company evaluates and manages its credit risk by taking into consideration the ageing of the dues, specific credit circumstances, nature of the customers and credit worthiness of the customers. The Impairment loss allowance is assessed by the company using life time ECL approach which is based on the business environment in which the company operates. The trade receivables are considered in default (credit impaired) when the possibility of recovery of receivables based on assessment/evaluation on the parameters stated above are deteriorating and are required to be provided as allowance for doubtful receivables in a systematic manner. The Company has not experienced any significant impairment losses in respect of trade receivables in the past years. Since the Company has its customers within different states of India, geographically there is no concentration of credit risk.”

As required under the above provisioning policy of the company, the management has not furnished assessment/evaluation of credit risk based on factors such as ageing of dues, specific credit circumstances, nature and credit worthiness of the non-government-controlled entities/customers. Therefore, we are unable to quantify the impact on the financial statements on account of possible allowance on doubtful trade receivables due to expected credit loss in case of default (except those mentioned below which are under litigation for recovery).

- b) Attention is invited to Note No. 40 (ii) (b) with regard to Financial assets for which loss allowance is measured using life time expected credit losses in the Financial Statements, which is stated as under:

“The Company has customers with capacity to meet the obligations and therefore the risk of default is low. Further, management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour. However, an allowance for doubtful receivables of Rs. 196.64 Lakhs (31 March 2017: Rs. Nil) has been recognised during the year to the extent of 10% of the total outstanding of Rs. 1966.40 lakhs in respect of cases which are under litigation for recovery”.

Though as per management prudence an allowance of Rs. 196.64 lakhs on doubtful receivables has been recognised during the year which is to the extent of 10% of the total outstanding of Rs. 1966.40 lakhs in respect of cases under litigation for recovery, in our opinion such cases are still to be assessed/evaluated for ascertaining credit risk based on factors such as ageing of dues, specific credit circumstances, nature and credit worthiness of the customers as defined in the policy of the management for the purpose of creating allowance on such doubtful trade receivables due to expected credit loss in case of default. In absence of aforesaid evaluation of such cases by the management, we are unable to quantify the actual impact on the financial statements on account of further possible allowance on such doubtful trade receivables (which are under litigation for recovery) due to expected credit loss in case of default.

2. Attention is invited to the Note no. 33 to the Financial Statements on the accounting treatment of Advertisement expenses. During the financial year 2017-18, the company has incurred expenditure amounting to Rs. 8.77 cr on advertisement out of which Rs. 6.38 cr has been deferred as prepaid expenses which is shown under the head “Other Current Assets” (Note no. 15 to the financial statements). Such treatment of revenue expenditure is not consistent with the principles enunciated under Ind AS 38, “Intangible Assets”. This was also a subject matter of qualification in previous auditor’s report on the financial statements for the year ended 31 March 2017.




3. In our opinion and to the best of our information and according to the explanations given to us, the Standalone Statement:

- (i) Is presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and circular No. CIR/IMD/DFI/69/2016 dated August 10, 2016; and
- (ii) gives a true and fair view in conformity with the aforesaid Accounting standards and other accounting principles generally accepted in India of the net profit (financial performance including comprehensive Income) and other financial information for the year ended March 31, 2018 as well as the year to date results for the period from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March 2018.

Place : New Delhi  
Date : 29/05/2018

For VPGS & Co.  
Chartered Accountants  
Firm Regn. No. 507971C

  
(Gulshan Gaba)  
(Partner)  
(M.No. 088726)



**ENERGY EFFICIENCY SERVICES LIMITED**

Corporate Office: 4th Floor, Sewa Bhawan, R.K. Puram, New Delhi- 110 066

Registered Office: 4th & 5th Floor, IWA1 Building, A-13, Sector-1, Noida-201301

CIN: U40200DL2009PLC196789, Website: [www.eeslindia.org](http://www.eeslindia.org), E-mai: [info@eesl.co](mailto:info@eesl.co)

**STATEMENT OF ASSETS & LIABILITIES**

(Rs in Lakhs)

Particulars	As at	As at
	31.03.2018	31.03.2017
	Audited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	83,372.59	60,109.90
Capital work-in-progress	1,29,348.91	36,618.37
Intangible assets	1,576.08	72.78
Investments in subsidiary & joint venture company	19,369.08	189.04
Financial Assets		
Loans	465.93	127.59
Other financial assets	1,848.02	10,116.07
Deferred Tax asset (Net)	-	-
Other non-current assets	1,683.56	594.62
<b>Total non-current assets</b>	<b>2,37,664.17</b>	<b>1,07,828.37</b>
<b>Current assets</b>		
Inventories	29,993.41	15,464.97
Financial assets		
Trade receivables	1,16,182.54	80,140.76
Cash and cash equivalent	52,066.97	26,467.08
Bank balances other than cash and cash equivalent	5,437.22	5,767.04
Loans	153.34	66.36
Other financial assets	6,333.58	8,050.65
Current tax assets (Net)	2,545.68	622.74
Other current assets	24,369.21	13,247.35
<b>Total current assets</b>	<b>2,37,081.95</b>	<b>1,49,826.95</b>
<b>TOTAL ASSETS</b>	<b>4,74,746.12</b>	<b>2,57,655.32</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	46,200.00	46,200.00
Other equity	18,242.96	9,333.79
<b>Total equity</b>	<b>64,442.96</b>	<b>55,533.79</b>



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<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	1,75,420.16	82,623.86
Other financial liabilities	8,019.85	5,194.96
Provisions	410.39	223.16
Deferred tax liabilities (net)	180.29	8.38
Other non-current liabilities	624.93	43.95
Deferred Income		-
<b>Total non-current liabilities</b>	<b>1,84,655.62</b>	<b>88,094.31</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	63,500.00	35,000.00
Trade payables	1,28,526.81	45,869.51
Other financial liabilities	26,934.59	17,214.64
Other current liabilities	6,119.98	15,607.95
Provisions	566.16	10.82
Current Tax Liabilities	-	324.30
<b>Total current liabilities</b>	<b>2,25,647.54</b>	<b>1,14,027.22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,74,746.12</b>	<b>2,57,655.32</b>



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**ENERGY EFFICIENCY SERVICES LIMITED**

**Corporate Office:** 4th Floor, SewaBhawan, R.K. Puram, New Delhi- 110 066

**Registered Office:** 4th & 5th Floor, IWA1 Building, A-13, Sector-1, Noida-201301

**CIN:** U40200DL2009PLC196789, **Website:** [www.eeslindia.org](http://www.eeslindia.org), **E-mai:** [info@eesl.co.in](mailto:info@eesl.co.in)

**STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2018**

(Rs. In Lacs except per share data)

S. No.	Particulars	Half year period ended 31st March 2018	Year ended 31st March 2018	Year ended 31st March 2017
		Unaudited	Audited	Audited
<b>1</b>	<b>INCOME</b>			
	Revenue from Operations	78,202.70	1,35,594.27	1,15,086.03
	Other Income	2,678.93	5,476.03	7,632.37
	<b>Total (A)</b>	<b>80,881.63</b>	<b>1,41,070.30</b>	<b>1,22,718.40</b>
<b>2</b>	<b>EXPENSES</b>			
	Employee Benefits Expenses	2,409.47	3,922.75	<b>2,090.66</b>
	Operating, Administrative and Other Expenses	61,161.99	1,04,364.16	1,00,762.87
	Finance Costs	7,230.56	13,305.45	6,156.09
	Depreciation and Amortization Expenses	7,701.44	13,327.71	5,543.57
	<b>Total (B)</b>	<b>78,503.46</b>	<b>1,34,920.07</b>	<b>1,14,553.19</b>
<b>3</b>	<b>Profit Before Tax (A)-(B)</b>	<b>2,378.17</b>	<b>6,150.23</b>	8,165.21
<b>4</b>	<b>Tax Expenses:</b>			
	Current Tax- Current Year	283.22	1,606.52	3,110.27
	-Earlier Years	-	421.40	(5.44)
	Deferred Tax (Net)	1,119.63	176.06	(125.26)
<b>5</b>	<b>Net Profit /Loss After Tax</b>	<b>975.32</b>	<b>3,946.25</b>	<b>5,185.64</b>
	Other comprehensive income:			
	(i) Items that will not be reclassified to profit or loss (net of tax)	(7.05)	(7.85)	(4.35)
<b>6</b>	<b>Other comprehensive income for the year, net of income tax</b>	<b>(7.05)</b>	<b>(7.85)</b>	<b>(4.35)</b>
<b>7</b>	<b>Total comprehensive income for the period</b>	<b>968.27</b>	<b>3,938.40</b>	<b>5,181.29</b>



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8	Paid Up Equity Share Capital ( Face value Rs.10/- per Share)	46,200.00	46,200.00	46,200.00
9	Paid up Debt Capital	1,75,420.16	1,75,420.16	82,623.86
10	Reserves excluding Revaluation Reserves as per the Balance Sheet	18,242.96	18,242.96	9,333.79
11	Net Worth	64,442.96	64,442.96	55,533.79
12	Debenture Redemption Reserve	6,515.21	6,515.21	1,452.99
<b>13</b>	<b>Earnings Per Share (EPS)</b>			
	Basic in Rs.	0.85	0.85	1.17
	Diluted in Rs.	0.85	0.85	1.17
<b>14</b>	<b>Debt Equity Ratio</b>	<b>2.72</b>	<b>2.72</b>	<b>1.49</b>
<b>15</b>	<b>Debt Service Coverage Ratio</b>	<b>3.40</b>	<b>3.88</b>	<b>6.44</b>
<b>16</b>	<b>Interest Service Coverage Ratio</b>	<b>3.40</b>	<b>3.88</b>	<b>6.44</b>

Notes:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29<sup>th</sup> May, 2018.
- No Complaints were received from Debenture holder(s) and thus none were pending as on 31<sup>st</sup> March, 2018.
- These results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Sec 133 of the Companies Act 2013 and other recognized accounting practices and policies to the extent possible.
- Previous year figures have been regrouped/ rearranged wherever necessary.
- Formula for computation of ratios are as follows:  
Debt equity ratio: Debt/ Equity, where Equity comprises of Equity share capital and Other equity. Debt comprises of Bonds and Long Term Borrowings of the Company.  
DSCR: PBDIT/ (Repayments + Interest & finance charges) pertaining to Long Term Borrowings  
ISCR: PBDIT/ Interest & finance charges pertaining to Long Term Borrowings
- The Listed Non- convertible Bonds of the company aggregating to Rs.500.00 cr as at March 31, 2018 are secured by pari passu charge on the movable fixed assets of the Company both present and future. The Company has maintained 100% asset cover sufficient to discharge the principal amount of the said debentures in terms of the Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The company has following Unsecured Listed Debt Securities.



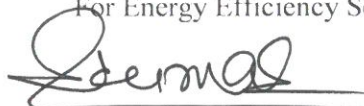
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- 4500 Unsecured, Redeemable, Taxable, Non-Cumulative, Non-Convertible Bonds in the nature of Debenture of the Face Value of Rs.10 lakhs each of Cash at Par amounting to Rs.450 Crore- Series-II (2017-18) issued on 18th July, 2017 at coupon rate of 7.80% p.a.
  - 2000 Unsecured, Redeemable, Taxable, Non-Cumulative, Non-Convertible Bonds in the nature of Debenture of the Face Value of Rs.10 lakhs each of Cash at Par amounting to Rs.200 Crore- Series-III (2017-18) issued on 10th January, 2018 at coupon rate of 8.15% p.a.
  - 1250 Unsecured, Redeemable, Taxable, Non-Cumulative, Non-Convertible Bonds in the nature of Debenture of the Face Value of Rs.10 lakhs each of Cash at Par amounting to Rs.125 Crore- Series-IV (2017-18) issued on 29th January, 2018 at coupon rate of 8.29% p.a.
8. In terms of the SEBI circular CIR/CFD/CMD56/2016 dated 27<sup>th</sup> May, 2016, the company declares that the Auditors have issued Audit reports with qualified opinion on annual audited financial results for the FY ended on 31<sup>st</sup> March, 2018. Accordingly, Statement on Impact of audit Qualifications as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
9. The above figures are before qualified opinion expressed by the Statutory Auditors in their Audit Report for the year ended March 31, 2018.

For Energy Efficiency Services Limited



Saurabh Kumar  
Managing Director



Renu Narang  
Director (Finance) & CFO

Date: 29.05.2018

Place:Noida

