

ANNUAL REPORT

2014-15

**65,00,000+** PEOPLE HAVE LED THE WAY TO A BRIGHTER & SMARTER INDIA!



Creating an Energy Efficient India





## VISION

EESL seeks to unlock market for energy efficiency in India estimated of Rs. 74,000 crores resulting of about 15% of present consumption. It seeks to create market access, particularly in the public facilities like municipalities, building, agriculture, industry etc., implement innovative business models, handhold private sector Energy Service Companies (ESCOs) in an effort to ensure replication.



## MISSION

### Creating Energy Efficient India

Energy Efficiency Services Limited (EESL) is promoted by Ministry of Power, Government of India as a Joint Venture company of four Central Power Sector undertakings viz NTPC Ltd, PFC, REC and Power Grid. EESL was set up to create and sustain markets for energy efficiency in the country. EESL works closely with Bureau of Energy Efficiency (BEE) and is leading the market related activities of the National Mission for Enhanced Energy Efficiency (NMEEE), one of the 8 national missions under Prime Minister's National Action Plan on Climate Change.

Total LEDs distributed upto Sep. 2015

1,86,51,087



65,91,294 KWh

Energy saved per day



INR 2,63,65,177

Cost saving per day



631 MW

Avoided Peak Demand

CO<sub>2</sub>

5,370 t CO<sub>2</sub>

CO<sub>2</sub> Reduction per day





LED Street light Project at Varanasi Ghats

# CONTENTS

05 /	Company Information
06 /	Performance Highlight
08 /	Notice
12 /	Director's Report
19 /	Extract of Annual Return
24 /	Secretarial Audit Report
27 /	Management Reply to Statutory Auditor's Report for the Financial Year 2014-15
31 /	Management Discussion Analysis Report
33 /	Comments of C&AG of India
35 /	Reply to C&AG of India's Observations on the Annual Accounts of EESL for the Financial Year 2014-15
36 /	Statutory Auditor's Report
42 /	Balance Sheet
43 /	Statement of Profit & Loss Account
44 /	Cash Flow Statement
46 /	Notes to Accounts





PM Launches: Scheme for LED bulb distribution under Domestic Efficient Lighting Programme in Delhi

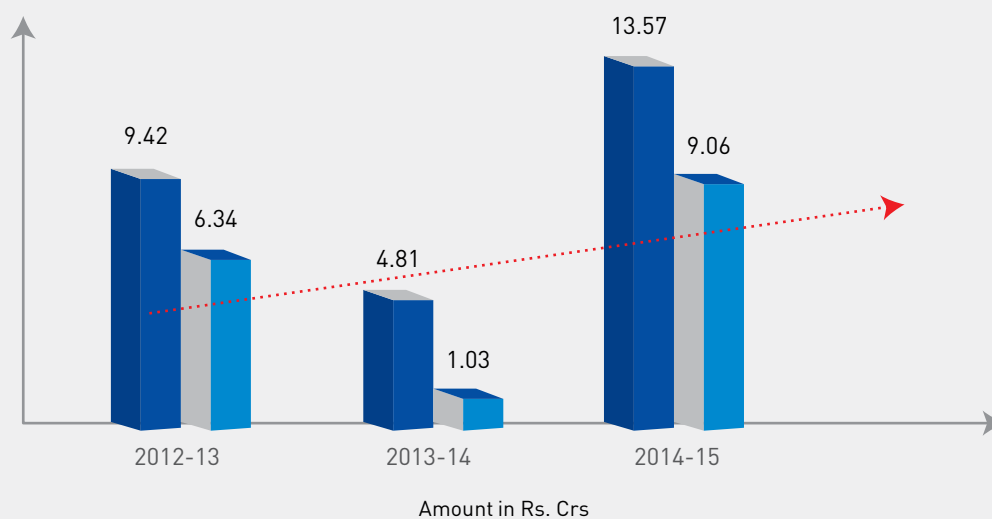
## Company Information

<b>Chairman:</b>	Shri P.J. Thakkar
<b>Managing Director:</b>	Shri Saurabh Kumar
<b>Directors:</b>	Shri A. Chakravarti Shri P.K. Ravi Shri R.K. Srivastava (w.e.f. 24 <sup>th</sup> Sep. 2015) Ms. Seema Gupta Shri Sanjay Seth (w.e.f. 3 <sup>rd</sup> July 2015) Shri S.N. Ganguly (upto 24 <sup>th</sup> Sep. 2015) Shri Bhaskar J. Sarma (upto 27 <sup>th</sup> April 2015)
<b>Chief Financial Officer:</b>	Shri Sameer Agarwal
<b>Company Secretary:</b>	Ms. Pooja Shukla
<b>Registered Office:</b>	4 <sup>th</sup> Floor, Sewa Bhawan, R.K. Puram, New Delhi-110066
<b>CIN:</b>	U40200DL2009PLC196789
<b>Corporate Office:</b>	4 <sup>th</sup> & 5 <sup>th</sup> Floor, IWAI Building, A-13, Sector-1, Noida-20 1301 (U.P.)
<b>Internal Auditors:</b>	M/s Jain & Malhotra, Chartered Accountants, 42-B, Hanuman Lane, Near Hanuman Mandir, Connaught Place, New Delhi-1 10001
<b>Statutory Auditors:</b>	M/s G.K. Kedia & Co. , Chartered Accountants, 914, Naurang House 21, Kasturba Gandhi Marg, New Delhi 110 001
<b>Bankers:</b>	Axis Bank Yes Bank

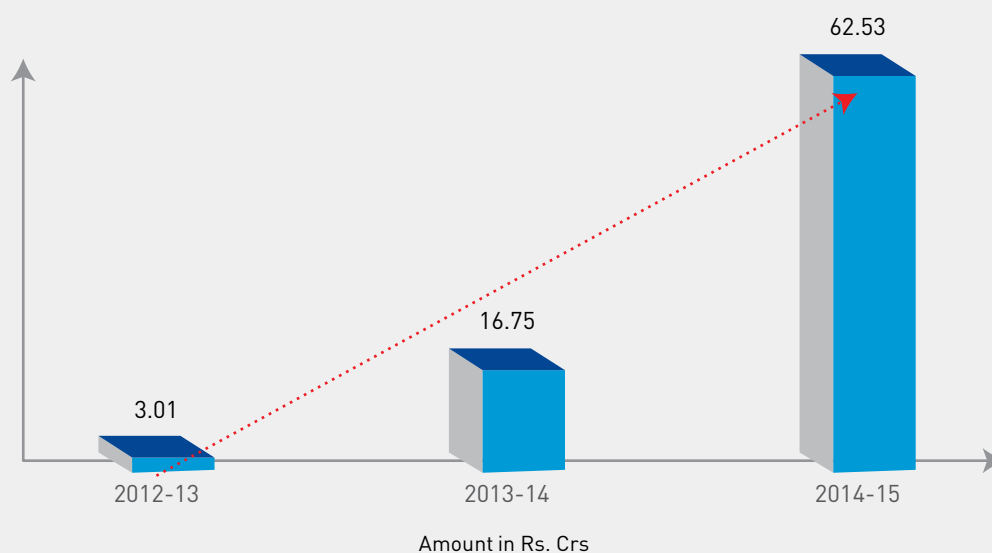


## PERFORMANCE HIGHLIGHT

■ Profit Before Tax ■ Profit After Tax



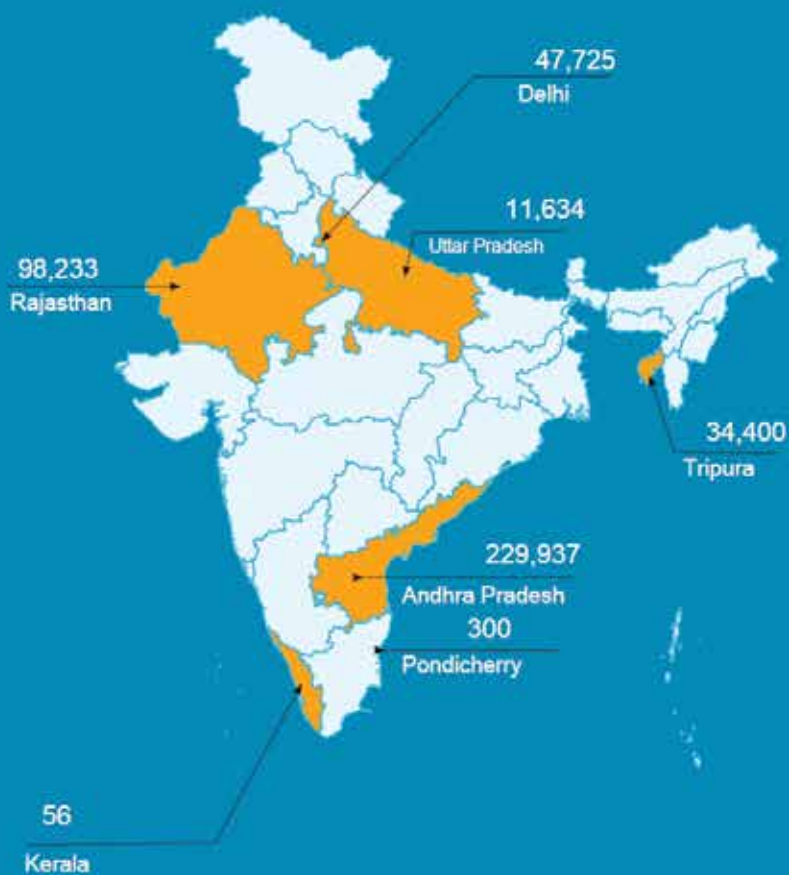
## Revenue from Operation





Total Streetlight Completed upto Sep. 2015

423,144



## NOTICE

Notice is hereby given that the 6<sup>th</sup> annual general meeting of the Shareholders of Energy Efficiency Services Limited will be held on 30<sup>th</sup> September, 2015 at 4:00 P.M. at Rural Electrification Corporation Limited, Core-4, SCOPE Complex, Lodhi Road, New Delhi-110003 to transact the following business:-

### Ordinary Business:-

1. To receive, consider, approve and adopt the audited Financial Statement of the Company for financial year ended on 31<sup>st</sup> March, 2015, the reports of the Board of Directors and the auditors thereon.
2. To declare Dividend for the financial year 2014- 2015.
3. To appoint Director in place of Shri A. Chakravarti, (DIN 00082562), who retire by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Shri P. K. Ravi, (DIN 06612321), who retire by rotation and being eligible, offers himself for reappointment.
5. To fix the remuneration of statutory auditors for financial year 2015-16.

### Special Business:-

#### 6. To appoint Shri Sanjay Seth (DIN 07215336) as Director of the Company:-

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

**RESOLVED THAT** pursuant to Sec 149, 152 and other applicable provisions, if any of the Companies Act, 2013, Rules made thereunder, Shri Sanjay Seth (DIN 07215336.), who was nominated as Government Nominee Director, by BEE vide letter no 02/20/NM/Admn.-2015/2240, dated 18th June 2015 and subsequently appointed by the Board, be and is hereby appointed as Directors of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Managing Director and/or Company Secretary be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution(s)."

#### 7. To appoint Shri R.K. Srivastava (DIN05338182.) as Director of the Company:-

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

**RESOLVED THAT** pursuant to Sec 149, 152 and other applicable provisions, if any of the Companies Act, 2013, Rules made thereunder, Shri R.K. Srivastava (DIN 05338182.), who was nominated as Nominee Director, by NTPC Limited vide letter no 01: SEC: EESL dated 9th Sep, 2015 and subsequently appointed by the Board, be and is hereby appointed as Directors of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Managing Director and/or Company Secretary be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution(s)."

**By Order of the Board of Directors**

Place: New Delhi  
Date: 30<sup>th</sup> September, 2015

(Pooja Shukla)  
Company Secretary





Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and a proxy need not be a member of the company. Proxies in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office or at its Administrative Office not less than 48 hours before the Meeting. Blank proxy form is enclosed.
2. The relevant Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business in the Notice is annexed hereto.
3. The Board of Directors in their 36<sup>th</sup> Board Meeting held on 3<sup>rd</sup> July, 2015, has recommended a final dividend @ 30% of profit after tax (PAT) of the company. The final dividend on equity shares as recommended by Board of Directors, subject to provision of the Companies Act, 2013, if declared at the meeting, will be payable on or after 29<sup>th</sup> September, 2015, to those members whose name appears on the register of members on 5<sup>th</sup> August, 2015.



## ANNEXURE

## EXPLANATORY STATEMENTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO-6 OF THE NOTICE

Ministry of Power vide letter no 13/5/2008-EC dated 13<sup>th</sup> Dec, 2012 had nominated Director (Finance), Ministry of Power and Secretary, Bureau of Energy Efficiency as Government Nominee on the Board of EESL. Bureau of Energy Efficiency vide letter no-02/20/NM/Admin-2015/2240 dated 18<sup>th</sup> June, 2015 had nominated Shri Sanjay Seth, Energy Economist & Secretary (O) from BEE as Government Nominee Director on the Board of EESL. Accordingly, Board appointed him w.e.f 3<sup>rd</sup> July, 2015. The Company has received a notice in writing from a member pursuant to provision of sec 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Shri Sanjay Seth as Director (Government Nominee) on the Board of EESL. Shri Sanjay Seth, if appointed shall be liable to retire by rotation. Shri Sanjay Seth is not disqualified from being appointed as Director in terms of Sec 164 of the Companies act, 2013.

None of the Director or key managerial personnel of the Company or their relatives except Shri Sanjay Seth is interested or concerned in the resolution. The Board recommends the resolution for your approval.

### ITEM NO-7 OF THE NOTICE

NTPC Limited vide letter no 01: SEC: EESL dated 9<sup>th</sup> Sep, 2015 has nominated Shri R.K. Srivastava, Executive Director (Netra) as nominee director on the Board of EESL. Accordingly, Board appointed him w.e.f 24.09.2015. The Company has received a notice in writing from a member pursuant to provision of sec 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Shri R.K. Srivastava as Director (Nominee NTPC) on the Board of EESL. Shri R.K. Srivastava, if appointed shall be liable to retire by rotation. Shri R.K. Srivastava is not disqualified from being appointed as Director in terms of Sec 164 of the Companies act, 2013.

None of the Director or key managerial personnel of the Company or their relatives except Shri Sanjay Seth is interested or concerned in the resolution. The Board recommends the resolution for your approval.

**By Order of the Board of Directors**

Place: New Delhi  
Date: 30<sup>th</sup> September, 2015

(Pooja Shukla)  
Company Secretary



# ENERGY EFFICIENCY SERVICES LIMITED

[A Joint Venture Company of PSUs of Ministry of Power]  
 Regd. Office: 4<sup>th</sup> Floor, Sewa Bhawan, RK Puram, New Delhi - 110 066  
 Corporate Office: 4<sup>th</sup> & 5<sup>th</sup> Floor, IWA1 Building, A-13, Sector-1, Noida-201301 (U.P.)  
 CIN: U40200DL2009PLC196789

## PROXY FORM

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

1.	Name of the shareholder		
	Registered address		Signature
	E-mail ID		
Or falling him			
2.	Name of the shareholder		
	Registered address		Signature
	E-mail ID		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company, to be held on 30<sup>th</sup> Sep, 2015 at Rural Electrification Corporation Limited, Core - 4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003 at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	For	Against
Ordinary Business			
1.	To approve and adopt the Directors' Report, audited Balance Sheet as at 31 <sup>st</sup> March, 2015 and Statement of Profit & Loss for the year ended as on that date, Auditors' Report and Comments of Comptroller and Auditor General of India thereon.		
2.	To appoint a Director in place of Shri A. Chakravarti, (DIN 00082562), who retires by rotation and being eligible, offers himself for reappointment.		
3.	To appoint a Director in place of Shri P. K. Ravi, (DIN 06612321), who retires by rotation and being eligible, offers himself for reappointment.		
4.	Fixation of remuneration of Auditors		
Special Business			
5.	Appointment of Shri Sanjay Seth (DIN: 07215336) as Director.		
6.	Appointment of Shri R.K. Srivastava (DIN 05338182) as Director.		

Signed this.....day of .....20....

Signature of Shareholders

Signature of proxy holder(s)

Affix Revenue  
Stamp of Rs.  
1/0



## DIRECTOR'S REPORT

To  
The Members,  
Energy Efficiency Services Limited

The Directors have pleasure in presenting before you the 6<sup>th</sup> Annual Report on the business and operations of the company along with the Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2015.

### 1. PERFORMANCE HIGHLIGHTS:

1.1 The highlights of performance of the Company for financial year 2014-15 were as under with comparative position of previous year's performance:

(Amount in Rs.)

Particulars	31st March, 2015	31st March, 2014
Share capital	90,00,00,000	90,00,00,000
Total Revenue	71,10,72,060	26,42,64,477
Profit Before Depreciation & Taxes	19,53,44,558	5,04,89,653
Less: Depreciation	5,96,26,115	23,87,166
Profit/(Loss) Before Tax	13,57,18,443	4,81,02,487
Less: Provision for Taxation		
-Current Year	2,14,36,574	3,81,82,388
-Deferred Tax Asset	2,36,85,832	(3,77,751)
Profit/(Loss) after Tax	9,05,96,037	1,02,97,850
Proposed Dividend	2,71,78,811	-----
Tax on proposed dividend	56,85,807	-----
Profit/(Loss) brought forward from Previous Years	14,55,85,929	13,52,88,078
Balance carried forward to Balance Sheet	203317348	145585928

#### 1.2 Financial Performance

Net profit of the Company in 2014-15 is ₹ 9.05 crore, an increase of ₹ 8.02 crore over the previous year with a growth in net profit margin to 12.74% from 3.86%. Net worth of the Company as on March 31<sup>st</sup>, 2015 has increased by 5.53% (from ₹ 104.55 crore to ₹ 110.33 crore).

#### 1.3 Dividend

The Board of Directors of your Company has recommend a dividend of 30% of PAT which is subject to the approval of the shareholders in 6<sup>th</sup> Annual General meeting.

#### 1.4 Share Capital

The issued and paid up share capital of the Company as on March, 31<sup>st</sup> 2015 was 90 Crs divided into 9,00,00,000 equity shares of ₹ 10/each against authorised share capital of ₹ 190 Crs divided into 19,00,00,000 equity shares of ₹ 10/- each. During the financial year 2014-15, there was no change in the shareholding of the Promoter. However, during the financial year 2015-16, Company has allotted 7.5 Crs equity shares of ₹ 10/- each to three promoter companies on 21<sup>st</sup> August, 2015 i.e. NTPC Limited, REC, PFC. Accordingly, as on date, the NTPC Ltd, PFC and REC hold 28% of the paid up equity share capital of the Company and PGCIL holds 14% of the paid up share capital of the Company.

#### 1.5 Resource Mobilization

The Company mobilized Euro 50 Million by way of Official Development Assistance (ODA) loan from Kreditanstalt für Wiederaufbau (KfW), Germany and Euro 50 Million from AFD, France.

#### Cash Credit Facility

The Company has an approved cash credit/WCDL limit of ₹ 30 Crs for availment from various banks for its day-to-day operations.

### 2. NATIONAL PROGRAMME

The Hon'ble prime Minister launched National programme on 5<sup>th</sup> January, 2015 to covert the conventional street



lights with smart and energy efficient LED street lights and domestic Efficient Lighting Programme (DELP) to provide LED lights to domestic households. Lighting sector accounts for about 20% of the total consumption in India. These programme target energy efficiency in lighting as it offers enormous opportunity to save energy. Initially 100 cities have been taken up for coverage under street lighting programme and DELP.

Under DELP, EESL has evolved a service model where it works with electricity distribution companies (DISCOMs) through a benefit sharing approach. The Domestic Efficient lighting programme (DELP) obviates the need for DISCOMs to invest in the upfront cost of LED bulbs. EESL procures and provides to consumer LED bulb at the rate of ₹ 10/- each against their market price of ₹ 350-400. The upfront investment made by EESL is paid back i.e. either DISCOM cost recovery or on bill Financing.

Under Street Lighting programme, EESL replaces the conventional street lights with LEDs at its own costs and the consequent reduction in energy and maintenance cost of the municipalities is used to repay EESL over a period of time.

DELP targets distribution of 20 Crs no of LED lights and envisages annual energy savings of 10.5 billion Kwh and reduction of installed load of 5000 W. Street light programme targets replacement of 90 lacs street lights and envisages annual energy saving of 2400 million Kwh and reduction of installed street light load of 390 MW.

### 3. OTHER INITIATIVES OF EESL

#### 3.1 Agriculture Demand Side Management (AgDSM)

In order to accelerate and implementation of BEE AgDSM scheme, Your Company had taken a step forward for implementation of AgDSM project in all over India. EESL has conducted the survey & study for implementation of AgDSM. Your Company has successfully completed AgDSM Project with HUBLI Electricity Supply Company Limited, Byadgi And Nippani Circle, Chamundeshwari Electricity Supply Corporation LIMITED, Mandya District, Eastern Power Distribution Company Of Andhra Pradesh Limited, Rajanagaram Mandal.

#### 3.2 Buildings Energy Efficiency Retrofit program (BEERP)

Your Company in technical collaboration with Bureau of Energy Efficiency took up implementation of energy conservation measures at two government buildings-Niti Aayog (erstwhile Planning Commission of India) and Shram Shakti Bhawan as demonstration projects on deferred capital cost recovery basis. The capital outlay was ₹ 85 Lacs and ₹ 120 Lacs for Niti Aayog and Shram Shakti Bhawan respectively. Energy savings of 7 Lac and 5 Lac energy units have been reported from the respective projects, equivalent to cost savings of ₹ 55 Lacs and ₹ 40 Lacs respectively.

Subsequent to these demonstration projects that circumvented scepticism regarding energy efficiency in government buildings, Ministry of Power and Ministry of Urban Development have developed ESCO projects for various central government buildings in Delhi wherein EESL and CPWD shall work together. In the first phase, EESL and CPWD have agreed to work on 3 buildings – IP Bhawan, Nirman Bhawan and Niti Aayog (chiller phase). The agreements for IP Bhawan and Nirman Bhawan have been finalized and Niti Aayog is under conclusion.

Subsequent to these initial projects, EESL and CPWD have also developed understanding to formulate an MOU through which at least 10 CPWD owned buildings shall be taken up for project implementation in association with EESL wherein EESL shall provide technical advisory services, pertaining to designing of project, bid management, 3<sup>rd</sup> party evaluation, knowledge dissemination through stakeholder engagement to build capacity by way of training and development of procurement manual for CPWD, and development of all India roadmap for institutionalizing energy efficiency projects by CPWD.

#### 3.3 Consultancy and Advisory Services

Demand Side Management Measure (DSM measures) is cost effective tools for load management. DSM programmes can not only be used to alter load profile to reduce peak power purchase & associated procurement cost but also could result in reducing investment required in generating capacity as well as reduction in transmission and distribution loss.

In an effort to mainstream Demand Side Management (DSM) in DISCOM work programme, Government of India has initiated a Project for the capacity Building of DSM in all DISCOM of Country through BEE. BEE (Bureau of Energy Efficiency) has assigned this project to EESL (Energy Efficiency Services Limited).

Your Company and BEE have entered into a MoU to support the efforts of BEE in enabling and facilitating this scheme in DISCOMs. Under the MOU, your Company has assisted the DISCOMs in hiring DSM Consultants in order to develop institutional capacity within the DISCOMs to run future DSM programmes. 64 DSM consultants have been appointed for 32 DISCOMs to support the BEE – DSM programme.



Under the MOU, Your Company has completed load research and DSM Action Plan for 16 DISCOMs. The load research activities for the balance DISCOMs are under preparation and are likely to be completed by 2<sup>nd</sup> quarter of this financial year.

### 3.4 International Programmes

#### Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE)

Government of India announced its National Action Plan on Climate Change (NAPCC), which include a Mission on Enhanced Energy Efficiency (NMEEE) in June, 2010. NMEEE spelt out the four major initiatives to enhance energy efficiency i.e. Perform Achieve Trade (PAT), Energy Efficiency Financing Platform (EEFP), Market Transformation for Energy Efficiency (MTEE), Framework for Energy Efficient Economic Development (FEEED).

One of the key elements of the NMEEE aimed at industry is the establishment of a Framework for Energy Efficient Economic Development (FEEED), which mainly focuses on developing fiscal and investment guarantee instruments to promote energy efficiency FEEED includes a Partial Risk Guarantee Fund (PRGF) and a Venture Capital Fund for Energy Efficiency (VCFEE).

The PRGFEE is a risk-sharing mechanism that provides commercial banks with partial coverage of risk exposure against loans issued for energy efficiency projects. The support under PRGFEE is limited to Government Buildings, Municipalities, SMEs and industries. PFI shall take guarantee from the PRGFEE before disbursement of loan to the borrower. The Guarantee will not exceed Rs 300 lakhs (proposed for ₹ 1500 lakhs) per project or 50% of loan amount, whichever is less. Maximum tenure of the guarantee will be 5 years from the date of issue of the guarantee. Eligible projects under the PRGFEE, for which Participating Financial Institution (PFI) can apply for a guarantee, could be credit facilities extended by PFI to ESCO for energy efficiency projects.

EESL has been selected as the Implementing Agency for PRGFEE in consortium.

#### Partial Risk Sharing Facility (PRSF)

The objective of the Partial Risk Sharing Facility for Energy Efficiency (PRSF) Project is to assist India in achieving energy savings with mobilization of commercial finance and participation of energy service companies. This project consists of two components. The first component supports establishing and operating the Facility to provide Sub-Guarantees to Sub-Financiers and developing energy efficiency markets through end-to-end solutions and measurement and verification (M&V) activities.

The partial risk sharing facility for energy efficiency is managed by Small Industries Development Bank of India (SIDBI), funded from a Global Environment Facility (GEF) contribution and backstopped by a Clean Technology Fund (CTF) Guarantee, in the form of contingent finance.

Component two supports technical assistance, capacity building, and operations support comprising, among other things, the following activities: i. Carrying out market development, Project management, awareness building, and outreach to beneficiaries and stakeholder ii. Undertaking legal due diligence and dispute resolution involving Sub-Projects. iii. Developing and maintaining the Facility's website and online presence; a management information system; and other reporting systems. iv. Developing standard appraisal and transaction documents, reporting templates, energy efficient guidelines, strengthening Project report generation, capacity building and training, and online support. v. Providing technical assistance and capacity building for Participating Financial Institutions, Energy Service Companies, and Beneficiaries.

The above two components are designed to strengthen the market-driven energy efficiency ecosystem conditions necessary for addressing EE market barriers and development objectives identified in Section II. Both SIDBI and Energy Efficiency Services Limited (EESL) are leading institutions

The \$43 million project consists of a partial risk sharing facility of \$37 million -- funded from a Global Environment Facility (GEF) contribution of \$12 million backstopped by a Clean Technology Fund (CTF) contingent guarantee of \$25 million -- and a technical assistance and capacity building component of \$6 million funded from GEF.

Technical Assistance and Capacity Building: The technical assistance and capacity building component of US\$6 million, is funded by GEF and to be managed by SIDBI and EESL. This component supports technical assistance, capacity building, and operations support comprising, market development, management and information systems, and standard documentation systems.

## 5. INSTITUTIONAL STRENGTHENING

Considering the increasing project investment portfolio, institutional strengthening is being undertaken as a continuous





process in your company. KfW under technical assistance agreement dated 31<sup>st</sup> March, 2014, has appointed PwC as a consultant to provide technical support for institutional strengthening, process standardization, enhancing quality of design, implementation and monitoring of projects, etc.

## 6. HUMAN RESOURCES MANAGEMENT

In order to cater the augmenting requirement of professional executives who can commensurate with effective and timely execution of projects 75 Executives were appointed through open advertisement during the financial year 2014-15. The Total manpower of the Company as on 31<sup>st</sup> March, 2015 was 186 employees which includes 145 executives and 41 non executives.

## 7. NATIONAL AND INTERNATIONAL TRAINING PROGRAMME

To cater the training and development needs of executives and to upgrade the employee's skill sets and high delivery performance, Your Company has sponsored 25 executives to various training programmes, workshops etc. within country and abroad.

## 8. EMPLOYEE WELFARE

In order to provide improved health care facilities to the employees and their dependent family members, your company has expanded the list of empanelled hospitals under DIRECT PAYMENT SCHEME by adding 3 Hospitals. In addition to this, your company has also started subsidize lunch scheme and sport activities for the employees.

## 9. CORPORATE SOCIAL RESPONSIBILITY

As per directions of Ministry of Power vide OM no. 12/1/2015-EC dated 22<sup>nd</sup> Jan, 2015, proposal to amend the Joint Venture & Supplementary agreement was sent to promoter companies for creation of post for two other functional directors & four independent directors on the Board of EESL. Matter was pending with them till 31<sup>st</sup> March, 2015. However on the other side, as per the minutes of the meeting (communicated vide OM no. 12/1/2015-EC dated 20<sup>th</sup> March, 2015) chaired by Special Secretary (RNC), Ministry of Power on 17<sup>th</sup> March, 2015 to review the organization structure of the Company, Special Secretary indicated that nomination of independent director will be taken up once the same is finalized at the Level of the Ministry. Considering the above, CSR committee was constituted on 20<sup>th</sup> March, 2015 without independent director. Therefore, EESL could not spend any amount on CSR activities. For the financial year 2015-16, CSR policy is being put up for the recommendation of CSR committee and approval of the Board. EESL will make the CSR expenditure in f. y. 2015-16 according to the proposed CSR policy.

## 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

There are no significant particulars relating to energy, technology absorption under the Companies (Accounts) Rules, 2014 as the company does not own any manufacturing facility However, Energy savings, avoided capacity and GHG emission reduction achieved as a result of project implemented by your company during the year are as under:

Sector	No. of Projects implemented	Energy savings achieved (MU)	GHG Emission Reduction (+CO2)	Avoided Capacity Addition (MW)
Ag. DSM	2	2.0	1981	30
DELP	4	84.36	83,558	250
Street Light	4 Pilots	4.5	4458	4.2
CSR	7	5.5	5448	0.8
<b>Total</b>		<b>96.36</b>	<b>95,445</b>	<b>285</b>

### 10.1 Foreign earning and outgo:

The details of foreign exchange earning & outgo are as follows:

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Expenditure in Foreign currency	NIL	62500/
Earning in Foreign Exchange	NIL	29,57,844/

## 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per provision of the Companies Act, 2013, Managing Director, Chief Financial Officer, Company Secretary are Key Managerial personnel of the Company. None of the Key Managerial personnel has resigned or has been appointed during the year under the review.



### 13. MOU RATING AND AWARDS

The performance of your company in terms of MOU signed with promoter companies for the financial year 2013-14 has been rated as "Excellent"

### 14. BOARD & COMMITTEE OF THE BOARD

The Board of Directors duly met 8 times during the financial year from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015. The dates on which meetings were held are as follows: 30<sup>th</sup> April, 2014, 22<sup>nd</sup> July, 2014, 1<sup>st</sup> September, 2014, 27<sup>th</sup> September, 2014, 7<sup>th</sup> November, 2014, 29<sup>th</sup> December, 2014, 16<sup>th</sup> February, 2015, 20<sup>th</sup> March, 2015. There is no change in the composition of the Board of Directors of the Company during the financial year 2014-15. However, consequent upon the relieving of Shri Bhaskar J Sarma as Secretary BEE, he ceased to be Government Nominee Director of Company w.e.f 27<sup>th</sup> April, 2015. Shri Sanjay Seth, Energy Economist & Secretary BEE (officiating) was appointed as Government Nominee Director on the Board of the Company w.e.f 3<sup>rd</sup> July, 2015. Consequent upon the transfer of Shri S.N. Ganguly to western region –II as regional executive director (Western-II) Shri R. K. Srivastava, Executive Director (NETRA), NTPC was appointed as Part Time Director on the Board of Energy Efficiency Services Limited in place of Shri S. N. Ganguly w.e.f 24<sup>th</sup> Sep, 2015. The Board wishes to place on records its deep appreciation for valuable services rendered by Shri Bhaskar J Sarma and Shri S.N. Ganguly. The Board of Directors have constituted following committee in order to effectively cater its duties towards diversified role under the Companies Act, 2013:-

S.N.	Committees	Members
1.	Audit Committee	(i) Shri A. Chakravarti, Chairman (ii) Shri R. K. Srivastava, Member (iii) Ms. Seema Gupta, Member (iv) Shri P. K. Ravi, Member
2.	CSR Committee	(i) Shri Saurabh Kumar, Member (ii) Shri R. K. Srivastava, Member (iii) Ms. Seema Gupta, Member
3.	Nomination & Remuneration Committee	(i) Shri A. Chakravarti, Member (ii) Shri R. K. Srivastava, Member (iii) Ms. Seema Gupta, Member

### 15. DIRECTORS RESPONSIBILITY STATEMENTS:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost auditors, secretarial auditors and external consultants and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, Confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures therefrom;
- b) They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements 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 and of the profit of the Company for that period.
- a) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- b) They have prepared the annual accounts on a going concern basis.
- c) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- d) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 15. RIGHT TO INFORMATION ACT, 2005

The Company has taken necessary steps for implementation of "Right to Information Act, 2005". Name of the officers for coordinating the work relating to receipt of applications and appeals and furnishing information thereto have been placed on EESL's website.

### 16. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSME) ORDER 2012.



The Government of India has notified Public procurement Policy on Micro & Small Enterprises (MSEs) order 2012. In terms of the said policy, the total value of annual procurement of goods produced and services rendered during the year 2013-14 was ₹. 31.99 Crs. The total procurement made from MSEs (including SC/ST entrepreneurs) was ₹ 0.22 Crs. The total value of annual procurement of goods produced and services rendered during the year 2014-15 was Rs. 364.24 Crs. The total procurement made from MSEs (including SC/ST entrepreneurs) was ₹ 24.56 CR

## 17. VIGILANCE

Your Company ensures transparency, objectivity and quality decision making in its operation and to monitor the same, the Company has vigilance department.

## 18. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In line with provisions of "Sexual Harassment of women at Work Place (prevention, Prohibition & Redressal) Act, 2013" an "internal Complaints Committee" has been constituted for redressal of complaint(s) against sexual harassment of women employees. During the financial year 2014-15, the Company did not receive any complaint of sexual harassment.

## 19. ABSTRACT OF THE ANNUAL RETURN:

The Abstract of the Annual Return for the year 2015 is being attached with the Directors report in Form No. MGT-9 marked as Annexure-I

## 20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the period under the review, the Company had not entered into any material transaction with any of its related parties. All related party transactions were in the ordinary course of business and were negotiated on arm's length basis. Accordingly, the disclosure of related party Transactions as required under Sec 134(3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

## 21. AUDITORS

### STATUTORY AUDITOR

M/s G.K. Kedia & Co, Chartered Accountants (Firm Reg. No FRN.013016N), New Delhi was appointed as Statutory Auditors of the Company for the financial year 2014-15 by the Comptroller and Auditor General of India (C&AG). The Statutory Auditors have audited the financial statements of the Company for the financial year ended March, 31<sup>st</sup> 2015. Further, the Comptroller and Auditor General of India (C&AG), in exercise of power conferred under Section 139 of the Companies Act, 2013, has appointed the M/s G.K. Kedia & Co, Chartered Accountants (Firm Reg. No FRN.013016N), New Delhi as statutory auditor of the Company. Approval of members of the Company will be obtained in the ensuing Annual General to authorise the Board of Directors of the Company, to fix their remuneration for financial year 2015-16.

### SECRETARIAL AUDITOR

M/s Astik Tripathi & Associates, practicing Company Secretaries were appointed as Secretarial Auditors of the Company for carry out Secretarial Audit for the Financial Years 2014-15 and same is annexed as Annexure-II to this report.

## 22. MANAGEMENT REPLY:

The Management's Reply to the observation /advice are submitted as per Annexure-III.

## 23. COMMENTS OF C&AG OF INDIA

The comments of C&AG for the financial year 2014-15 have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

## 24. STATUTORY DISCLOSURE

There was no change in the nature of business of the Company during the financial year 2014-15.  
a) The Company has not accepted any public deposits during the financial year 2014-15.



- b) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern
- c) Status and Company's operations in future.
- d) The Company maintains an adequate system of Internal Controls including suitable monitoring procedures, which ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies.
- e) Details of loans and investments covered under section 186 of the Companies Act, 2013 forms part of financial statement, attached as separate section in the Annual Report f.y 2014-15.
- f) There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2015 and the date of this report.
- g) The Company has not issued any stock options to the Directors or any employee of the Company.

## 25. PARTICULARS OF EMPLOYEES:

The information required under the provision of Section 197 (12) of the Companies Act, 2013 read with the read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, be treated as Nil as none of the employees of the Company was in receipt of total remuneration exceeding of ₹ 60,00,000 p.a. or ₹ 5,00,000 p.m. for part of the year during the financial year under review.

## 26. NEW CORPORATE OFFICE AT NOIDA

EESL's activities increased manifold during the last decade. Due to acute shortage of office space in New Delhi office, EESL has shifted its corporate office from New Delhi to Noida.

## 27. INFORMATION TECHNOLOGY INITIATIVES

Your Company has implemented 'e-procurement' system for procurement of goods and services. A centralized server facility to maintain email storage space has been established for employees of your company.

## 28. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis report forms part of the report and placed as per Annexure-IV

## 29. ACKNOWLEDGEMENT:

The Directors are grateful to the Government of India particularly Ministry of Power, Ministry of Finance, Department of Economic Affairs for their continued co-operation and support. The Directors thank the state governments, state electricity boards, State Power Utilities and other borrowers for their continued supports and trust in the Company.

The Directors wish to place on record their appreciation of the commendable work done, dedication and sincerity by all the employees of the Company at all levels during the year under review. The Company will make every effort to meet the aspirations of its shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

**For and on Behalf of the Board of Directors**

Place: New Delhi  
Date: 29<sup>th</sup> September, 2015

Sd/-  
(P.J. Thakkar)  
Chairman  
(DIN: 01120152)



## ANNEXURE I

**Form No. MGT -9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31/03/2015  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. Registration and other details:**

i.	CIN	U40200DL2009PLC196789
ii.	Registration Date	10/12/2009
iii.	Name of Company	Energy Efficiency Services Limited
iv.	Category of Company	Company Limited by Shares
v.	Sub-category of Company	Indian Non-government Company
vi.	Address of Company	4 <sup>th</sup> Floor, Sewa Bhawan, R. K. Puram, New Delhi-110066
vii.	Listed/Unlisted	Unlisted
viii.	Name & Address of Registrar & Transfer Agent	NA

**II. Principal business activities of the company:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

S. N.	Name and Description of Main Products /Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Project & Consultancy	8990	88%

**III. Particulars of holding, subsidiary and associate companies**

S. N.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of Shares Held	Applicable Section
	NA	NA	NA	NA	NA



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

## i. Category-wise share Holding

Category of Shareholders	No. of shares held at the beginning of the year i.e. 01/04/2014				No. of shares held at the end of the year i.e.31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTORS</b>									
<b>1. Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies corp.	-	9,00,00,000	9,00,00,000	100	-	9,00,00,000	9,00,00,000	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total A (1):</b>									
<b>2. Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total A (2):</b>									
<b>Total Share holding of Promoter (A)=(A)(1)+ (A)(2)</b>	-	9,00,00,000	9,00,00,000	100		9,00,00,000	9,00,00,000		
<b>B. Public Share holding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>	-	-	-	-	-	-	-	-	-
<b>a) Bodies Corp.</b>	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>	-	-	-	-	-	-	-	-	-
(i) Individual Shareholders Holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-





c) Others (Specify)	-	-	-	-	-	-	-	-	-
sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(2)	-	-	-	-	-	-	-	-	-
C. Share held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		9,00,00,000	9,00,00,000	100		9,00,00,000	9,00,00,000		

## ii. Share Holding of Promoters

Shareholder's Name	Shareholding at the beginning of the year i.e. 1/04/2014			Shareholding at the end of the year i.e. 31/03/2015			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
NTPC Limited	2,25,00, 000	25%	Nil	2,25,00, 000	25%	Nil	Nil
Power Finance Corporation Limited	2,25,00, 000	25%	Nil	2,25,00, 000	25%	Nil	Nil
Power Grid Corporation of India Limited	2,25,00, 000	25%	Nil	2,25,00, 000	25%	Nil	Nil
Rural Electrification Corporation Limited	2,25,00, 000	25%	Nil	2,25,00, 000	25%	Nil	Nil
<b>TOTAL</b>	<b>9,00,00,000</b>			<b>9,00,00,000</b>			

## iii. Change in Promoters shareholding (Please Specify, if there is no change)

PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Share	% of total of share of company	No. of share	% of Total shares of the company
At the beginning of the year	NA	NA	NA	NA
Date wise Increase/Decrease in Promoters Share holding the year specifying the reasons for increase / decrease (e.g. allotment/transfer /bonus/sweat equity etc.)	NA	NA	NA	NA
At the end of year	NA	NA	NA	NA

## iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holder of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Share	% of total of share of company	No. of share	% of Total shares of the company
At the beginning of the year	NA	NA	NA	NA
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer /bonus/sweat equity etc.)	NA	NA	NA	NA
At the end of year (or on the date of separation during the year)	NA	NA	NA	NA



**v. Shareholding of Director and Key Managerial Personnel:**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
For Each of the Directors and KMP	No. of Share	% of total of share of company	No. of share	% of Total shares of the company
At the beginning of the year	NA	NA	NA	NA
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc.)	NA	NA	NA	NA
At the end of year	NA	NA	NA	NA

**vi. Indebtedness**

**Indebtedness of the company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year 1.04.2014	--	--	--	--
(i) Principal Amount	--	--	--	--
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	--	--	--	--
Change in Indebtedness during the financial year	--	INR 8,77,635,154.00 (EUR 13 Million)	--	INR 877,635,154.00 (EUR 13 Million)
➤ Addition				
➤ Reduction				
Net Charge	--	INR 877,635,154.00	--	INR 877,635,154.00
Indebtedness at the end of the financial year 31.03.2015	--		--	
(i) Principal Amount		INR 877,635,154.00		INR 877,635,154.00
(ii) Interest due but not paid		--		--
(iii) Interest accrued but not due		INR 4,217,739.00		INR 4,217,739.00
<b>Total (i+ii+iii)</b>	<b>--</b>	<b>INR 881,852,893.00</b>	<b>--</b>	<b>INR 881,852,893.00</b>

\*(After adjustment of Forex Gain of INR 90,496,605.00)

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to managing Director, Whole - time Directors and / or Manager:

S.I. No.	Particulars of Remuneration	Name of MD/WTD/Manager
a.		Shri Saurabh Kumar
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	20,98,179/-
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	
	(c) Profit in lieu of salary under section 17(3) Income tax Act, 1961	13,354/-
2.	Stock Option	N/A
3.	Sweat Equity	N/A
4.	Commission	N/A
	- As % of profit	
	- Others, Specify...	
5.	Others, please specify	N/A
	Total (A)	21,11,753/-
	Ceiling as per the Act	



**B. Remunerations to others Director**

SL. No.	Particulars of Remuneration	Name of Director				Total Amount
		-----	-----	-----	-----	
	1. Independent Directors • Fee for attending board committee meetings • Commission • Others, Please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>					
	2. Other Non - Executive Directors • Fee for attending board committee meetings • Commission • Others, Please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil	Nil
	Total (B) = (1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil	Nil

**C. Remuneration to Key Managerial Personnel other than MD / Manager/ WTD**

SL. No.	Particulars of Remuneration			
1.	Gross Salary	CFO	Company Secretary	Total
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	Rs. 13,84,755/-	Rs. 10,74,116/-	Rs. 24,58,871/-
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	Rs. 1,35,405/-	N/A	Rs. 1,35,405/-
	(c) Profit in lieu of salary under section 17(3) Income tax Act, 1961	N/A		
2.	Stock Option	N/A	N/A	N/A
3.	Sweat Equity	N/A	N/A	N/A
4.	Commission - As % of profit - Others specify.....	N/A	N/A	N/A
5.	Others, Please specify	N/A	N/A	N/A
	<b>Total</b>	<b>Rs. 15,20,160/-</b>	<b>Rs. 10,74,116/-</b>	<b>Rs. 25,94,276/-</b>

**(vii) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
There were no penalties/punishment/compounding of offences for breach of any section of Companies Act against Company or its directors or other officers in default, if any, during the year.					

**For and on Behalf of the Board of Directors**

Place: New Delhi  
Date: 29<sup>th</sup> September, 2015

Sd/-  
(P.J. Thakkar)  
Chairman  
(DIN: 01120152)



Form No. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2015

To,  
The Members,  
Energy Efficiency Services Limited  
4<sup>th</sup> Floor, Sewa Bhawan,  
R.K. Puram, New Delhi-110066

Date of Incorporation: 10.12.2009  
Authorized Share Capital: 1,900,000,000.00  
Paid up Share Capital: 900,000,000.00

We have conducted the secretarial audit of the compliance of applicable statutory provisions Energy Efficiency Services Limited hereinafter referred to as ["the company"]. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Energy Efficiency Services Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> Day of March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Energy Efficiency Services Limited ('The Company') for the financial year ended on 31<sup>st</sup> Day of March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the company during the audit period)
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not applicable to the company during the audit period)
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the audit period). However, Company has received an External Commercial Assistance under bilateral agreements between governments and shall not fall under extant Reserve Bank of India guidelines on External Commercial Borrowing (ECB). Therefore such formalities and reporting in this case as required in ECB are not applicable as confirmation provided by the authorized dealer for routing the remittances.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the company during the audit period)
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the company during the audit period)
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the audit period)
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company during the audit period)
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period)
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the audit period)
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the company during the audit period)
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the company during the audit period) .



I/we have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the company during the audit period)
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; (Not applicable to the company during the audit period)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The company has not appointed Independent director during the audit period as per the provisions of section 149 (5) of the Companies Act, 2013 due to delay in execution of supplementary agreement-II by promoter company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, except appointment of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Astik Tripathi and Associates**

Astik Mani Tripathi

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015

**Proprietor.**

ACS No. 27667 C P No.: 10384

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



**Annexure -A**  
**To the Secretarial Audit Report**

To,  
The Members,  
Energy Efficiency Services Limited  
4<sup>th</sup> Floor, Sewa Bhawan,  
R.K. Puram, New Delhi-110066

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure.

**Astik Tripathi and Associates**

Astik Mani Tripathi

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015

**Proprietor.**

ACS No. 27667 C P No.: 10384





## MANAGEMENT REPLY TO STATUTORY AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2014-15

SL No.	Auditor's Report	Management Reply
1.	<p>Attention is invited that the Company has raised invoices for composite supply, installation and commissioning of "LED Based Solar Lighting Systems" amounting to Rs. 29,86,92,247.00 under the different agreement with the various parties but company did not charge Value Added Tax (at the rate specified under the applicable state laws in which sale is executed) on value of supply part and the Company also did not charge service tax under the work contract services on the value of service part which is in contravention to Rule 2A(ii) of the Service Tax (Determination of Value) Rules, 2006. In our opinion, the Company has also not complied with the provisions relating to registration, rate of tax, filing of returns as well as tax deducted at source in few cases on procurement of Good and Services (i.e. Composite Works Contract) as per applicable state laws.</p>	<p>Out of Rs. 29,86,92,247.00, EESL has raised the invoices of Rs. 19,37,68,451.00 towards implementation of Corporate Social Responsibility (CSR) projects, Rs. 3,43,10,217.00 towards implementation of Energy Efficiency demonstration projects as deposit works, Rs. 6,15,22,201.00 as piolet projects and Rs. 90,91,378.00 towards distribution of LED bulbs on reimbursement basis.</p> <p><b>Corporate Social Responsibility (CSR) Projects</b></p> <p>EESL is providing consultancy services in the field of energy efficiency, CDM projects which include implementation of Corporate Social Responsibility (CSR) &amp; Sustainability projects. EESL facilitates PSUs to achieve target of investment in CSR related activities. It includes installation of energy efficiency equipment like LED Street lights, Solar Water Pump etc. on behalf of a PSU, the cost of which is directly funded by the PSU.</p> <p>EESL is not in the business of sale, purchase of any equipment while implementing CSR projects. EESL is simply undertaking this activity as it was worked on behalf of PSU clients.</p> <p>As per the legal position regarding transactions that are covered under the ambit of effect, the following tests are prescribed.</p> <ul style="list-style-type: none"> <li>• Goods must be movables, i.e. immovable property is outside the scope of VAT</li> <li>• There must be transfer, supply or delivery of goods</li> <li>• The goods must be delivered for cash, deferred payment or any other valuable consideration</li> </ul> <p>The scope of CSR projects is reflected in the MOU that is signed between the client PSU and EESL. The operative part of the agreement requires EESL to undertake:</p> <ol style="list-style-type: none"> <li>a) Consultancy work to identify locations for installation.</li> <li>b) Procurement and installation of equipments as required under the CSR project.</li> <li>c) Maintain those projects for a specified period.</li> </ol> <p>The infrastructure created under CSR project is the property of client PSU for which EESL is paid consultancy charges for services rendered to the PSU. All payments for creation of infrastructure, based on competitive bidding process of EESL is reimbursed on actuals by client PSU. There is no procurement that is done by EESL using the resources and then transferring to PSU.</p> <p>In light of the above, it is concluded that there is no transfer, supply or delivery of goods by EESL. The work done is 'deposit work' for client PSU and EESL is a transaction advisor and or project management consultant. The goods are received and installed on behalf of the client PSU and remain the property of PSU. The value of the goods is not received by EESL but payment is made by EESL to the supplier on behalf of the client PSU.</p>



SL No.	Auditor's Report	Management Reply
2.	<p>We further report that the Company had made provision for taxation amounting to Rs. 3,81,82,388.00 as mentioned in note no. 7 in</p>	<p>Therefore, the 3 tests that would render a transaction applicable to VAT are not applicable in this case and there is no applicability of VAT in the CSR projects. This is also very similar to several works that are undertaken by various entities on behalf of the government or its agencies.</p> <p><b>Energy Efficiency Demonstration Projects as deposit works</b></p> <p>Similarly to CSR projects, EESL has also implemented various energy efficiency projects as deposit work where EESL worked as a transaction advisor and or project consultant. The goods are received and installed on behalf of the client and remain the property of client. The expenditure incurred by EESL has been reimbursed by the clients. EESL has charged only consultancy services on the expenditure. Therefore, the 3 tests that would render a transaction applicable to VAT are not applicable in this case and there is no applicability of VAT in these projects.</p> <p><b>Energy Efficiency Piolet Projects</b></p> <p>EESL has also implemented various energy efficiency demonstration/piolet projects on behalf of clients as deposit work where EESL worked as a project consultant. The goods are received and installed on behalf of the client and remain the property of client. The expenditure incurred by EESL has been reimbursed by the clients. EESL has charged only consultancy services on the expenditure. Therefore, the 3 tests that would render a transaction applicable to VAT are not applicable in this case and there is no applicability of VAT in these projects.</p> <p><b>Distribution of LED bulbs on reimbursement basis</b></p> <p>EESL distributed LED bulbs for promotion of DELP scheme to various entities on reimbursement basis. No consultancy has been charged on the same. The 3 tests that would render a transaction applicable to VAT are not applicable in this case and there is no applicability of VAT in distribution of LED bulbs on reimbursement basis.</p> <p>From the above, it can be concluded that the treatment made by EESL is correct.</p> <p>Regarding compliance with the provisions relating to registration, rate of tax, filing of returns as well as tax deducted at source in few cases on procurement of Good and Services (i.e. Composite Works Contract) as per applicable state laws, it is submitted that the issue shall be examined thoroughly and appropriate action shall be taken from the year 2015-16 onwards.</p> <p>While finalising the annual accounts for FY 2013-14, EESL had booked the expenses &amp; corresponding income of Rs. 630.32 lakhs pertaining to PAT Scheme of BEE as prior period item.</p>



SL No.	Auditor's Report	Management Reply
	<p>the financial statements for the financial year ended 31st March, 2014 but it was observed that only Rs. 1,59,96,154.00 was shown as income tax liability in the income tax return submitted for the financial year 2013-14 relevant to Assessment year 2014-15 and Company neither reported nor paid income tax liabilities of Rs. 2,21,86,234.00</p>	<p>Statutory auditor of EESL was not agree with treatment of prior period income made by EESL and had qualified their report on treatment of prior period income made by EESL. They had reported that PAT income is related to the FY 2013-14 and should have been grouped under "Revenue from Operation" rather than treating it as "Prior Period Income".</p> <p>Since Statutory Auditor was not agree with treatment made by EESL, during the audit while calculating the provision for income tax, prior period expenses amounting to Rs. 630.32 lacs has been disallowed and added back in the taxable income. Based on the same, income tax provision of Rs. 381.82 lakhs was made in the financial statement of 2013-14.</p> <p>However as per EESL view since expenses pertaining to PAT scheme and corresponding income both are prior period item, prior period expenses should have been adjusted from the prior period income and there should not be any disallowance &amp; related tax liability for prior period expenses.</p> <p>There are also case laws on the similar issue where it was decided that prior period expenses as well as related prior period income should be excluded while calculating the current year income. Delhi High Court order dated 8th September, 2010 is as under:</p> <p>"COMMISSIONER OF INCOME-TAX Versus EXXON MOBIL LUBRICANTS P. LTD. – Income Tax – DELHI HIGH COURT – Business Expenditure – The respondent- assessee filed a return declaring a loss of Rs. 3.81 crores. The appeal filed by the assessee against order of the Assessing Officer before the Commissioner (Appeals) was allowed. The Tribunal held that the assessee itself could not have known about liability in the earlier assessment year and the liability of the assessee under the agreement had arisen and accrued in August 2002, when the agreement was executed. It was under the agreement that the liability to pay for the period January 2002 to March 2002 arose. Thus, the assessee could only have claimed the liability as expenditure in assessment year 2003-04. Held that – if the assessee had shown the prior period income and the Assessing officer had not excluded it while working out the current year taxable income then there was no reason on part of the Assessing Officer to disallow only one part of the prior period adjustment".</p> <p>During the supplementary audit of CAG for FY 2013-14, CAG gave the favourable opinion on the treatment made by EESL on PAT income and reported against the qualification of auditor in its report u/s 619(4) of the Companies Act, 1956.</p> <p>Accordingly while finalising the income tax computation for FY 2013-14, EESL had adjusted the prior period expenses from related prior period income of PAT scheme and has not considered any tax liability on the same.</p> <p>Hence, based on the above, it is concluded that treatment made by EESL is correct.</p>



SL No.	Auditor's Report	Management Reply
3.	We further report that the Company has not appointed Independent Directors during the financial year 2014-15 which is in contravention of Section 149 (4) & (5) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014	As per directions of Ministry of Power vide OM No. 12/1/2015-EC dated 22nd January, 2015 proposal to amend the Joint Venture & Supplementary agreement was sent to promoter companies for creation of post for two other functional Directors & four independent Directors on the Board of EESL. Matter was pending with them till 31st March, 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry structure and development

In 2010, the 'National Mission for Enhanced Energy Efficiency' (NMEEE), a policy by govt. of India, has indicated ₹ 74,000 crores of investment potential for energy efficiency and conservation (EE&C) out of which ₹ 30,000 crores of potential exists in energy intensive industries and remaining ₹ 44,000 crores in the other key demand side economic sectors.

Till date, less than 10% of the overall market has been tapped through ESCO mode mainly in the areas of lighting and some industrial applications. Large scale deployments have been constrained by a number of important regulatory, institutional and financing barriers. EESL has been set-up to develop a viable ESCO industry in India.

In the last one year, EESL has been able to deploy large scale programs in domestic and street lighting sectors. Demand aggregation strategies adopted by EESL have played a key role in cost reduction of these capital intensive technologies. The costs of domestic LEDs have been reduced by more than 75%. This cost reductions have further showcased the viability of the ESCO market in India.

EESL has also showcased new and innovative ESCO models including Standard Offer Program, On – bill financing and Vendor Financing. The emergence and success of these models have further energized the ESCO industry in India.

### Outlook

The ESCO industry in India is headed in the right direction. The cost reduction attributed to aggregation strategies adopted by EESL and the success of its business model has created a positive outlook for EESL in the coming years.

Riding on the success and investments of the last year, EESL envisions installation of around 77 crore domestic LEDs through its DELP program and 3.5 crore energy efficient street lights through its street lighting program. This would form the backbone of the projects for EESL. This year EESL would try to adopt the best practices from these programs to other technologies including energy efficient fans, air conditioners etc. Similarly, it would strengthen their programs for agricultural demand side management and buildings.

EESL in future is also planning to work with multi and bilateral agencies in promotion of other energy efficient technologies including trigeneration, industrial chillers and smart grids.

### EESL's Strengths

EESL has developed in house expertise in execution of energy efficiency and demand side management projects. The team has immense knowledge of the key innovation in energy efficient technologies. In the last few years, EESL has developed excellent relationship with their core customer base – distribution utilities and municipal utilities. This would aid EESL's future planned projects including DELP program for tube lights and energy efficient fan program. EESL currently has access to cheaper financing options from multi and bilateral agencies. This plays an important role in delivering value and better returns to our customers. EESL is one the very few organizations which has successfully executed large scale energy efficiency projects in the country.

### EESL's Weaknesses

EESL is projected to grow at a break neck pace in the coming future. Availability of sufficient resources is a key challenge for EESL. The current equity base is small to fuel EESL growth in future. Considering the growth of EESL, availability of experienced human resources is also a significant weakness for EESL.

Presently, the project portfolio of EESL is hugely concentrated in the lighting sector. There is a need to diversify to other technology categories.

### Opportunities

EESL has excellent working relationship with distribution utilities. They also have a keen understanding of regulations and policies related to energy efficiency and demand side management. Their success in large scale deployment of energy efficient lighting technology makes them a prime candidate to develop and implementation project for other energy consuming technologies particularly fans and air conditioners.

EESL can also work with funding agencies to develop viable business models for large scale deployment of other innovative EE technologies including smart grids, trigeneration, industrial chillers among other. Their success in India also paves way for EESL to look at other emerging markets in South Asia particularly Bangladesh, Sri Lanka and Nepal.



## Threats, Risks and Concerns

EESL has showcased the success of Standard Offer Program and On-bill financing in implementation of energy efficient lighting programs. This has led to eagerness of utilities to execute of these programs independent of EESL. Further, the cost of debt for EESL should also be maintained at a sustainable level to ensure better returns for both EESL and their consumers.

The rapid deployment of these technologies can result in shortage in markets as the manufacturing capacity of the suppliers may not match EESL's requirement. This can also result in distribution of cheaper imports and low quality products in the market.

## Internal Control System and their Adequacy

The Company maintains an adequate system of Internal Control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegations of power and guidelines for accounting have been issued for uniform compliance. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audit are conducted internally by experienced firms of Chartered Accountants.

Further to complement the internal controls, EESL plans to implement an ERP system in FY 16.

## Material Developments in Human Resources/Industrial Relations

In order to professionalize the Executive strength of EESL and also to infuse fresh blood, 75 Executives were appointed through open advertisement. The total manpower of the Company as on March 31, 2015 was 186 employees which includes 145 executives and 41 Non-executives. Based on the needs assessed and as a means to meet them, the Company sponsored 25 employees to various in-house and external training programmes, workshops etc within the country and abroad.

## Discussion on Financial Performance

During the financial year, the Company registered an increase of ₹ 45.77 crore in revenue from operations which went up to ₹ 62.53 crore from ₹ 16.75 crore during the financial year 2013-14. Profit before tax was at ₹ 13.57 crore in 2014-15 in comparison to ₹ 4.81 crore in 2013-14. Net profit of the Company in 2014-15 is ₹ 9.05 crore, an increase of ₹ 8.02 crore over the previous year with a growth in net profit margin from 6.14% to 14.48%. Net worth of the Company as on March 31, 2015 has increased by 8.6% (from ₹ 104.55 crore to ₹ 113.61 crore).

During the financial year 2014-15, fixed assets increased to ₹ 143.08 crores in comparison to ₹ 1.49 crores in 2013-14. Increase in fixed asset was contributed by increase in implementation of projects in FY 2014-15. Company received the loan of ₹ 87.76 crore, sanctioned by Kreditanstalt Fur Wiederaufbau (KfW), in the financial year 2014-15.

## Environmental Protection and Conservation

The projects executed by EESL this financial year are expected to save around 200 million kWh of energy and 140,000 tonnes of CO<sub>2</sub> annually. The total estimated annual savings as a resultant from the planned energy efficiency projects are around 7.9 billion kWh. The numbers may increase as more projects are planned in future.

EESL has also takes proper care in destroying the old lighting inventory replaced during the projects to prevent mercury and lead contamination. This inventory is destroyed as per the guidelines set by the electricity regulatory commission and local pollution control committee.

## Segment-Wise or Product-Wise Performance

In this financial year, EESL has executed DELP projects across five cities / districts in Puducherry and Andhra Pradesh. Through these projects EESL has distributed around 62 lakh LED bulbs to around 30 lakh consumers. Similarly, the street lighting projects were executed in three municipalities in Andhra Pradesh and Rajasthan and a total of 95,000 street lights have been replaced. EESL is also working with multiple governmental agencies including CPWD, UPSC and DMRC to develop and implement building energy efficiency projects.

## Cautionary Note

Certain statements in "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.







No. MAB-111/Rep/01-27/A/CS-EESL/2015-16/1051

**भारतीय लेखा परीक्षा तथा लेखा विभाग**  
कार्यालय प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा  
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-III  
नई दिल्ली

**INDIAN AUDIT & ACCOUNTS DEPARTMENT**  
Office of the Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board-III  
New Delhi

Dated: 30-9-2015

सेवा में,

अध्यक्ष एवं निदेशक,  
एनर्जी एफिशिएंसी सर्विसेज लिमिटेड,  
नई दिल्ली

विषय:- 31 मार्च 2015 को समाप्त वर्ष के लिये एनर्जी एफिशिएंसी सर्विसेज लिमिटेड के वार्षिक लेखों पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ ।

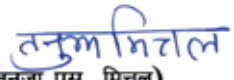
महोदय,

मैं, एनर्जी एफिशिएंसी सर्विसेज लिमिटेड के 31 मार्च 2015 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अंग्रेषित कर रही हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्न: यथोपरि।

भवदीया,

  
(तनुजा एस. मित्तल)  
प्रधान निदेशक

छठा एवं सातवाँ तल, सी.ए.जी. भवन एनेक्सी, 10, बहादुरशाह ज़फर मार्ग, नई दिल्ली-110002  
6th & 7th Floor, C.A.G. Building Annexe, 10, Bahadurshah Zafar Marg, New Delhi-110002  
Tel. : 011-23239213, 23239235 Fax : 011-23239211 Email : mabnewdelhi3@cag.gov.in



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF ENERGY EFFICIENCY SERVICES LIMITED  
FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of Energy Efficiency Services Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 July 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Energy Efficiency Services Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under Section 143(6)(b) of the Act which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related audit report:

**Contingent Liabilities & Capital Commitments (Note No. 30)**

**Commitments - ₹ 59.97 crore**

The above includes an amount of ₹ 4.66 crore in respect of a contract awarded in 2015-16. Thus, the above note is overstated by ₹ 4.66 crore.

For and on the behalf of the  
Comptroller & Auditor General of India

Place: New Delhi  
Dated: 30 September, 2015

(Tanuja S. Mittal)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board – III,  
New Delhi



## REPLY TO C&AG OF INDIA'S OBSERVATIONS ON THE ANNUAL ACCOUNTS OF EESL FOR THE FINANCIAL YEAR 2014-15

The preparation of financial statements of Energy Efficiency Services Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013 is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10). This is stated to have been done by them vide their Audit Report dated 03 July 2015.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Energy Efficiency Services Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to the inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounts records. Based on my supplementary audit, I would like to highlight following significant matter under section 143(6)(b) of the Act which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments	Management's Reply
<p><b>Contingent Liabilities &amp; Capital Commitments (Note No. 30)</b> <b>Commitments – Rs. 59.97 crore</b></p> <p>The above includes an amount of Rs. 4.66 crore in respect of a contract awarded in 2015-16. Thus the above note is overstated by Rs. 4.66 crore.</p>	<p>EESL awarded a contract of Rs. 4.66 crores to M/s. The National Small Industries Corporation Ltd on 09.04.2015 for design, manufacture, supply, testing, installation (Retrofit), commissioning, CCMS and 7 years warranty of LED streetlights and other related works of Alleppey Municipality and 2 Gram Panchyats in Trissur District, Kerela.</p> <p>EESL had completed all activities pertaining to tendering on or before 31st March, 2015 i.e. RfP floated on 29.1.15, Pre-Bid meeting held on 10.2.15, Technical Bid opened on 4.3.15 and Price Bid opened on 27.3.15. After opening the price bid, M/s National Small Industries Corporation Ltd emerge as L1 bidders for the subject mentioned case and was eligible for the contract in the month of March, 2015 itself.</p> <p>However letter of award was issued to M/s National Small Industries Corporation Ltd, EESL on 9.4.2015 after completion of necessary formalities.</p> <p>As substantial activities for awarding LoA to M/s National Small Industries Corporation Limited including opening of Price Bid were already completed in the FY 2014-15 itself and our commitment to procure the material from L1 bidders finalized in FY 2014-15, due to this, the same has been disclosed as capital commitment as on 31.3.2015.</p> <p>In view of the above, there is no overstatement of Capital Commitment of Rs. 4.66 crores as observed by the audit.</p>

**For and on behalf of the Comptroller  
and Auditor General of India**

(Tanuja S. Mittal)  
Principal Director of Commercial Audit & Ex-officio  
Member, Audit Board-III New Delhi

Place: New Delhi

Date: 30<sup>th</sup> September, 2015

**For and on behalf of the  
Board of Directors**

(Saurabh Kumar)  
Managing Director



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ENERGY EFFICIENCY SERVICES LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ENERGY EFFICIENCY SERVICES LIMITED** ("the Company") which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### BASIS OF QUALIFIED OPINION

1. Attention is invited that the Company has raised invoices for the composite supply, installation and commissioning of "LED Based Solar Lighting System" amounting to ₹ 29,86,92,247.00 under the different agreement with the various parties but company did not charge Value Added Tax (at the rate specified under the applicable state laws in which sale is executed) on the value of supply part and Company also did not charge service tax under the work contract services on the value of service part which is in contravention to Rule 2A(ii) of the Service Tax (Determination of Value) Rules, 2006. In our opinion, the Company has also not complied with the provisions relating to registration, rate of tax, filing of returns as well as tax deducted at source in few cases on procurement of Good and Services (i.e. Composite Works Contract) as per applicable state laws.
2. We further report that the company had made provision for taxation amounting to ₹ 3,81,82,388.00 as mentioned in the note no. 7 in the financial statements for the financial year ended 31st March, 2014 but it was observed that only ₹ 1,59,96,154.00 was shown as income tax liability in the Income Tax Return submitted for the Financial Year 2013-14 relevant to Assessment Year 2014-15 and Company neither reported nor paid income tax liabilities of ₹ 2,21,86,234.00.



3. We further report that the Company has not appointed Independent Directors during the financial year 2014-15 which is in contravention of Section 149 (4) & (5) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014.

## QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of matters described in paragraphs 1 to 3 of the Basis of Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required under section 143(5) of the Companies Act, 2013, we give in the Annexure I, a revised statement on the Directions issued by Comptroller and Auditor General of India after complying with the suggested methodology of Audit, the action taken thereon and its impact on the accounts and financial statement of the Company.
2. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure II a statement on the matters specified in paragraphs 4 and 5 of the order, to the extent applicable.
3. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and 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 account as required by law have been kept by the Company so far as appears from our examination of those books except for the matters described in paragraph 1 to 3 of Basis of Qualified Opinion Paragraph;
  - c. The balance sheet, statement of profit and loss, cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representation received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
  - i. The Company does not have any pending litigations as on March 31, 2015, which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For G. K. Kedia & Co.**

Chartered Accountants  
FRN. 013016N

Place: New Delhi  
Date: 03<sup>rd</sup> July, 2015

**Arvind Sharma**  
Partner  
M. No. 530217



**ANNEXURE I TO THE AUDITORS' REPORT**

Referred to in Paragraph 1 of "Other Legal and Regulatory Requirements" of our Audit Report on the Statement of Directions & Additional directions under section 143(5) of the Companies Act, 2013 issued by Comptroller and Auditor General of India for the year 2014-15.

SL No.	Details/Directions	Auditor's Reply	Action Taken and Impact on Accounts & Financial Statement
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	As per the audit conducted by us for the Financial Year 2014 -15, Company had not been selected for disinvestment.	There is no financial impact on the accounts.
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During the period under audit, Company has not written off any debts/loans/interest etc.	There is no financial impact on the accounts.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	According to information and explanation given to us, the Company has contracted with the suppliers for supply of inventory at the "place of installation" directly and there is a system of proper checking of inventory at the "place of installation" by the Company's own engineers. So the Company has maintained proper records for inventories lying with third parties (Sub contractor). Company has not received any assets as a gift from Govt. or other authorities.	There is no financial impact on the accounts.
4.	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There is no pending legal / arbitration cases with the Company.	There is no financial impact on the accounts.

**For G. K. Kedia & Co.**

Chartered Accountants  
FRN. 013016N

**Arvind Sharma**

Partner  
M. No. 530217

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015





## ANNEXURE II TO THE AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (ii) (a) The Company is a service Company, primarily rendering energy efficiency services. However, the company has also supplied goods in its ordinary course of business (Refer paragraph 1 of Basis of Qualified Opinion Paragraph) and according to information and explanation given to us, the Company has contracted with the suppliers for supply of inventory at the "place of installation" directly and there is a system of proper checking of inventory at the "place of installation" by the Company's own engineers.
- (b) According to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) According to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us, the Company has not granted any loans to one person covered in the register maintained u/s 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase/sale of inventory (securities) and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) According to the information and explanations given to us, no deposits within the meaning of Sections 73 and 76 or any other relevant provision of the Companies Act, 2013 and rules framed thereunder has been accepted by the company.
- (vi) The Company is not required to maintain cost records pursuant to the Company (Cost Records and Audit) Rules, 2014 made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Wealth Tax, Service Tax, Custom Duty, Excise Duty / Cess and other material statutory dues as applicable to it except for the matters described in paragraph 2 of Basis of Qualified Opinion Paragraph relating to income tax liabilities of ₹ 2,21,86,234.00.
- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess that have not been deposited on account of any dispute.
- (c) No amount is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash loss in the current financial year, or immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of any dues to a financial institution or bank.
- (x) According to the information & explanation given to us the company has not given any guarantee for loans taken by others from bank or Financial Institutions.



- (xi) The Company has raised new term loans during the year. The term loans raised during the year have been applied for the purposes for which they were raised.
- (xii) 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.

**For G. K. Kedia & Co.**

Chartered Accountants  
FRN. 013016N

**Arvind Sharma**

Partner  
M. No. 530217

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015





Crt. No. 08.14

## Compliance Certificate

We have conducted the audit of accounts of **Energy Efficiency Services Limited** for the year ended 31<sup>st</sup> March 2015 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

**For G. K. Kedia & Co.**

Chartered Accountants

FRN. 013016N

**Arvind Sharma**

Partner

M. No. 530217

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015



**BALANCE SHEET AS AT 31.03.2015**

		As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	90,00,00,000.00	90,00,00,000.00
(b) Reserves and Surplus	3	20,33,17,348.00	14,55,85,928.00
<b>(2) Non-current liabilities</b>			
(a) Long-term Borrowings	4	87,76,35,154.00	0.00
(b) Deferred Tax Liabilities (Net)	11	2,30,23,991.00	0.00
(c) Other Long-Term liabilities	5	12,36,659.00	0.00
(d) Long Term Provisions	6	51,97,548.00	39,96,656.00
<b>(3) Current liabilities</b>			
(a) Trade Payables	7	78,38,04,239.00	3,44,75,211.00
(b) Other Current Liabilities	8	27,20,22,868.00	13,52,93,250.00
(c) Short-term Provisions	9	9,24,83,580.00	3,81,82,388.00
<b>TOTAL</b>		<b>3,15,87,21,387.00</b>	<b>1,25,75,33,433.00</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		1,43,08,28,067.00	149,58,344.00
(ii) Intangible Assets		21,81,554.00	1,95,389.00
(iii) Capital Work in Progress		8,34,94,278.00	326,63,707.00
(b) Deferred Tax Asset (Net)	11	0.00	6,61,841.00
(c) Long-term Loans and Advances	12	57,55,562.00	304,82,404.00
<b>(2) Current assets</b>			
(a) Trade Receivables	13	36,68,34,928.00	5,75,93,391.00
(b) Cash and Bank Balances	14	1,09,09,92,962.00	1,08,92,91,038.00
(c) Short-term Loans and Advances	15	17,13,05,640.00	2,54,97,603.00
(d) Other Current Assets	16	73,28,396.00	61,89,716.00
<b>TOTAL</b>		<b>3,15,87,21,387.00</b>	<b>1,25,75,33,433.00</b>

Significant accounting policies	1
Notes on Financial Statements	2 to 42

As per our audit report of even date annexed

**For G. K. Kedia & Co.**  
Chartered Accountants  
FRN 013016N

**For and on behalf of the Board of Directors**

**Prakash Thakkar**  
Chairman & Director  
DIN : 01120152

**Saurabh Kumar**  
Managing Director  
DIN : 06576793

**Sameer Agarwal**  
Chief Financial Officer

**Pooja Shukla**  
Company Secretary

**Arvind Sharma**  
Partner  
M. No. 530217

Place: New Delhi  
Date: 03<sup>rd</sup> July, 2015



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

PARTICULARS		(Amount in ₹)	
		Year Ended 31.03.2015	Year Ended 31.03.2014
<b>I. Revenue from operations</b>	17	62,53,01,798.00	16,75,48,705.00
<b>II. Other income</b>	18	8,57,70,262.00	9,67,15,772.00
<b>III. Total revenue (I+II)</b>		<b>71,10,72,060.00</b>	<b>26,42,64,477.00</b>
<b>IV. EXPENSES</b>			
Project Expenses	19	38,90,50,106.00	13,06,45,600.00
(Increase)/Decrease in Inventory	20	(13,31,850.00)	0.00
Employee Benefits Expenses	21	7,10,92,223.00	3,56,59,531.00
Finance Costs	22	48,48,792.00	1,35,742.00
Depreciation and Amortization Expense	10	5,96,26,115.00	23,87,166.00
Other Expenses	23	4,81,41,656.00	5,58,32,656.00
<b>Total expenses</b>		<b>57,14,27,042.00</b>	<b>22,46,60,695.00</b>
<b>V. Profit before prior period items and Tax (III-IV)</b>		<b>13,96,45,018.00</b>	<b>3,96,03,782.00</b>
<b>VI. Prior Period Adjustments (Net)</b>	24	39,26,575.00	(84,98,705.00)
<b>VII. Profit before tax (V-VI)</b>		<b>13,57,18,443.00</b>	<b>4,81,02,487.00</b>
<b>VIII. Tax expense:</b>			
Current Tax		2,14,36,574.00	3,81,82,388.00
Deferred tax		2,36,85,832.00	(3,77,751.00)
		<b>4,51,22,406.00</b>	<b>3,78,04,637.00</b>
<b>IX. Profit for the period (VII-VIII)</b>		<b>9,05,96,037.00</b>	<b>1,02,97,850.00</b>
<b>X. Earnings per equity share (Par value of ₹ 10/- each)</b>			
(1) Basic		1.01	0.11
(2) Diluted		1.01	0.11

Significant accounting policies 1  
Notes on Financial Statements 2 to 42

As per our audit report of even date annexed with Balance Sheet

**For G. K. Kedia & Co.**  
Chartered Accountants  
FRN 013016N

## For and on behalf of the Board of Directors

**Prakash Thakkar**  
Chairman & Director  
DIN : 01120152

**Saurabh Kumar**  
Managing Director  
DIN : 06576793

**Sameer Agarwal**  
Chief Financial Officer

**Pooja Shukla**  
Company Secretary

**Arvind Sharma**  
Partner  
M. No. 530217

Place: New Delhi  
Date: 03<sup>rd</sup> July, 2015



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015**

(Amount in ₹)

	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	13,57,18,443.00	4,81,02,487.00
Adjustment for:-		
Depreciation and amortisation	5,96,26,115.00	23,87,166.00
Interest Income	(8,19,72,448.00)	(9,59,10,610.00)
Provision for Leave Encashment	3,95,328.00	24,95,378.00
Provision for gratuity	8,05,564.00	6,64,698.00
Deferred Rent expenses	12,36,659.00	0.00
Finance cost	48,48,792.00	1,35,742.00
<b>Operating Profit Before Working Capital Changes</b>	<b>12,06,58,453.00</b>	<b>(4,21,25,139.00)</b>
<b>CHANGE IN WORKING CAPITAL</b>		
<b>INCREASE/(DECREASE) IN</b>		
Sundry Debtors	(30,92,41,537.00)	(5,17,38,311.00)
Short term Loans & Advance	(12,72,45,563.00)	31,30,077.00
Other current assets	(11,38,680.00)	(29,25,377.00)
	<b>(43,76,25,780.00)</b>	<b>(5,15,33,611.00)</b>
<b>INCREASE/(DECREASE) IN</b>		
Liabilities for Expenses	20,21,227.00	24,69,021.00
Trade Payable	74,93,29,028.00	3,03,79,430.00
BEE	(4,39,00,615.00)	4,30,09,084.00
Advance Received under Bidding Processing Fees	2,60,66,637.00	31,56,400.00
Advance Received against Project	(25,04,954.00)	10,16,175.00
TDS Payable	41,60,349.00	(1,93,004.00)
Retention Money	6,26,06,403.00	41,385.00
PAT Project scheme	0.00	(1,15,04,826.00)
Service Tax Payable	(1,12,885.00)	1,27,369.00
EPF Payable	14,199.00	3,08,122.00
Provision for Expenses Payable	8,42,49,163.00	7,52,76,834.00
Liquidated Damages	(1,34,286.00)	1,34,286.00
Advance Income Tax	(1,22,30,066.00)	1,04,87,349.00
Interest Accrued on KFW Loan	42,17,739.00	0.00
Axis credit card	46,641.00	0.00
	<b>87,38,28,580.00</b>	<b>15,47,07,625.00</b>
<b>INCOME TAX PAID</b>	<b>(1,59,96,154.00)</b>	<b>(3,10,39,990.00)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>54,08,65,099.00</b>	<b>3,00,08,885.00</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015****B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	(1,55,76,24,292.00)	(1,55,38,314.00)
Capital Work in progress	(5,15,21,140.00)	(3,26,63,707.00)
Interest Income	8,19,72,448.00	9,59,10,610.00
Fixed Deposit Matured during the year	97,50,30,000.00	1,01,62,65,753.00
Fixed Deposit Made during the year	(74,09,15,080.00)	(97,50,30,000.00)
Capital advances	2,19,80,540.00	(2,19,80,540.00)
Long term Loans & Advance	27,46,302.00	(6,51,495.00)

**NET CASH USED IN INVESTING ACTIVITIES****(1,26,83,31,222.00)****6,63,12,307.00****C. CASH FLOW FROM FINANCING ACTIVITIES**

Bank Loan taken	96,81,31,759.00	0.00
Finance Cost	(48,48,792.00)	(1,35,742.00)

**NET CASH FROM FINANCING ACTIVITIES**

96,32,82,967.00

**(1,35,742.00)****D. Net Change in Cash & Cash Equivalents (A+B+C)**

23,58,16,844.00

9,61,85,450.00

**E. Cash & Cash Equivalents**

11,42,61,038.00

1,80,75,588.00

**(Opening Balance 1st April of Financial Year)****F. Cash & Cash Equivalents (Closing Balance) (D+E)****35,00,77,882.00****11,42,61,038.00**

Cash and cash equivalents consists of cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note-14.

**Components of Cash and Cash Equivalents**

Cash in hand- Imprest	2,99,024.00	37,500.00
Current accounts with banks	34,97,78,858.00	11,42,23,538.00
	<b>35,00,77,882.00</b>	<b>11,42,61,038.00</b>

There is no such cash and bank balances held by EESL that are not available for use for EESL.

As per our audit report of even date annexed with Balance Sheet

**For G. K. Kedia & Co.**Chartered Accountants  
FRN 013016N**For and on behalf of the Board of Directors****Prakash Thakkar**Chairman & Director  
DIN : 01120152**Saurabh Kumar**Managing Director  
DIN : 06576793**Sameer Agarwal**

Chief Financial Officer

**Pooja Shukla**

Company Secretary

**Arvind Sharma**Partner  
M. No. 530217

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015**EESL**

## NOTES TO ACCOUNTS

### NOTE 1:

#### SIGNIFICANT ACCOUNTING POLICIES:

##### Company Overview

The concept of performance contracting implemented by Energy Service Companies (ESCOs) is being increasingly considered as a mechanism to overcome some of the barriers hindering and discouraging the large-scale implementation of energy efficiency projects. However, despite the fact that the potential for application of performance contracting in both the public and private sectors in developing nations is enormous, the growth of the ESCO industry has been particularly slow in the country. In order to develop a viable ESCO industry, Ministry of Power has set up Energy Efficiency Services Limited (EESL), a Joint Venture of NTPC Limited, PFC, REC and POWERGRID to facilitate implementation of energy efficiency projects. EESL will work as ESCO, as Consultancy Organization for CDM, Energy Efficiency, etc.; as a Resource Centre for capacity building of SDAs, Utilities, financial institutions, etc. EESL will also lead the market-related actions of the NMEEE.

##### i. Accounting Convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of company (accounts) rule 2014 and relevant provision of companies act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### ii. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the period in which the results are crystallized.

##### iii. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and accumulated impairment, if any.

Project Development Cost incurred on other ESCO Model Energy Efficiency Projects undertaken by the company, when the company has committed technical and financial resources for the development of the project are recognized as fixed assets in the books of accounts.

Project Development Cost includes purchase price, taxes and duties, labour cost and other attributable overhead expenditure i.e. administrative & other general overhead like tour & travelling expenses, consultancy expenses etc which are identified and specifically attributable to the implementation of the project or acquisition of fixed assets are allocated on systematic basis on implementation of projects, incurred up to the date when the asset is ready for its intended use. In the case of assets put to use, where final settlements of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Depreciation is provided on prorata basis on straight line method (SLM) using the rates arrived based on useful lives of assets specified in Part C of Schedule II there to of the Companies Act, 2013 or useful lives of assets estimated by the management based on technical advise in case where useful life is different then the useful lives indicated in Part C of Schedule II of Companies Act 2013, as follows :

Nature of Assets	Life of Assets
Cell Phones	2 Years
ESCO Projects	Project Period
Lease Hold Improvement	Lease Period 15 Years



Where the cost of depreciable assets has undergone a change during the year due to increase / decrease in long term liabilities on account of exchange fluctuations, the unamortised balance of such assets is charged off prospectively over the remaining useful life as determined following the applicable accounting policies relating to depreciation / amortization.

#### **iv. Capital Work-in-Progress**

Administrative and general overhead expenses specifically attributable to project incurred till they are ready for intended use are identified and allocated on a systematic basis to the cost of related assets.

#### **v. Foreign Currency Transactions**

- a. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.
- b. In respect of accounting periods commencing on or after the 1st April, 2014, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period different from those at which they were initially recorded during the period, or reported in previous financial statements, are capitalized in a respective fixed assets and amortized over the remaining useful life of Fixed Assets, by recognition as income or expense in each of such periods as per para 46A of the "Accounting Standard 11".
- c. Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

#### **vi. Borrowing Cost**

Borrowing cost are interest & other costs incurred by the company in connection with the borrowing of funds. Borrowing cost directly attributable to acquisition or construction those tangible assets which are necessarily take a substantial period of time to get ready for intended use are capitalized. Other borrowing costs are recognized as an expense in the period in which they incurred.

#### **vii. Revenue Recognition and Expenditure**

- a. Incomes from ESCO Model Energy Efficiency Projects are accounted based on agreement with customer on accrual basis.
- b. Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- c. Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.
- d. Expenses on consultancy contract are accounted for proportionate to income accounted for based on progress of service rendered on that contract.
- e. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

#### **viii. Employee Benefits**

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

The Company provides for earned leave(EL) benefit (including compensated absences) and half-pay leave (HPL) to the employees of the Company which accrue annually at 30 days and 20 days respectively. Leave Encashment subject to maximum of 300 days (Earned Leave and Half Pay Leave Combined) is permissible on Superannuation / Separation. The company measures the expected cost of such absences as the additional amount that is expects to pay as a result of the unused entitlement that has accumulated at the reporting date and accumulated leave is treated as Long Term Employee Benefit.

The Company provides for Gratuity benefit as per the provision of The Payment of Gratuity Act, 1972. Company's liability towards gratuity, leave benefits is determined by independent actuary, at year end using the projected unit credit method.

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contribution to the Provident Fund is charged to the Statement of Profit & Loss for the year when the contribution to the respective fund is due.



**ix. Leases****Operating Lease**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating lease. Lease rentals under operating lease are recognised in the statement of profit and loss on a straight-line basis

**x. 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 Statement of Profit & Loss.

**xi. Provisions**

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 obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current estimates.

**xii. Cash Flow Statement**

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

**xiii. Taxes On Income**

- a. 'Current tax is computed on the basis of assessable profits of the Company in accordance with provisions of Income Tax Act, 1961 and rules framed there under.
- b. The difference between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e. difference that originate in one accounting year and reverse in another. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates that would apply in the years in which the timing differences are expected to reverse.
- c. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.





## NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2015

(Amount in ₹)

As at  
31.03.2015

As at  
31.03.2014

### NOTE 2:

#### SHARE CAPITAL

Equity Share Capital

#### AUTHORIZED

₹10/- (₹10/-) each

1,90,00,00,000.001,90,00,00,000.00

#### ISSUED, SUBSCRIBED AND FULLY PAID-UP

9,00,00,000 (9,00,00,000) Shares of par value of ₹10/- (₹10/-) each

90,00,00,000.0090,00,00,000.0090,00,00,000.0090,00,00,000.00

#### (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at 31st March, 2015		As at 31st March, 2014	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the Year	9,00,00,000.00	90,00,00,000.00	9,00,00,000.00	90,00,00,000.00
Add: Shares Issued during the FY	0.00	0.00	0.00	0.00
Shares Outstanding at the end of the Year	<b>9,00,00,000.00</b>	<b>90,00,00,000.00</b>	<b>9,00,00,000.00</b>	<b>90,00,00,000.00</b>

#### (b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

#### (c) Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	Number	% holding in the class	Number	% holding in the class
NTPC Limited	2,25,00,000	25%	2,25,00,000	25%
Powergrid Corporation of India Limited	2,25,00,000	25%	2,25,00,000	25%
Rural Electrification Corporation Limited	2,25,00,000	25%	2,25,00,000	25%
Power Finance Corporation Limited	2,25,00,000	25%	2,25,00,000	25%

#### (d) As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



## NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2015

	(Amount in ₹)	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE 3:</b>		
<b>RESERVES &amp; SURPLUS</b>		
Balance brought forward from previous year	14,55,85,929.00	13,52,88,078.00
Add: Profit/(loss) during the year	9,05,96,037.00	1,02,97,850.00
Less: Proposed Dividend	2,71,78,811.00	0.00
Tax on proposed dividend	56,85,807.00	0.00
	<b>20,33,17,348.00</b>	<b>14,55,85,928.00</b>
<b>NOTE 4:</b>		
<b>LONG-TERM BORROWINGS</b>		
<b>Term Loan</b>		
From others-		
KFW Loan -Guaranteed by Govt of India	87,76,35,154.00	0.00
(1.96% Loan repayable in equal half yearly instalments of €2.941 Mn, first instalment falling due on 30.06.2018)		
	<b>87,76,35,154.00</b>	<b>0.00</b>
<b>NOTE 5:</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
<b>Operating Lease liabilities</b>		
Opening Balance	0.00	0.00
Add: Additions during the year	12,36,659.00	0.00
Less: Set off during the year	0.00	0.00
	<b>12,36,659.00</b>	<b>0.00</b>
<b>NOTE 6:</b>		
<b>LONG-TERM PROVISIONS</b>		
<b>Provision for Employee benefits (Leave Encashment)</b>		
Opening Balance	33,31,958.00	8,36,580.00
Add: Additions during the year	3,95,328.00	24,95,378.00
Less: Benefit paid during the year	0.00	0.00
<b>Closing balance</b>	<b>(A) 37,27,286.00</b>	<b>33,31,958.00</b>
<b>Provision for Employee benefits (Gratuity)</b>		
Opening Balance	6,64,698.00	0.00
Add: Additions during the year	13,10,726.00	6,64,698.00
Less: Benefit paid during the year	5,05,162.00	0.00
<b>Closing balance</b>	<b>(B) 14,70,262.00</b>	<b>6,64,698.00</b>
	<b>(A+B) 51,97,548.00</b>	<b>39,96,656.00</b>
<b>NOTE 7:</b>		
<b>TRADE PAYABLES</b>		
Creditors for Goods and Services	78,38,04,239.00	3,44,75,211.00
	<b>78,38,04,239.00</b>	<b>3,44,75,211.00</b>



## NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2015

	As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>NOTE 8:</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Liabilities for Expenses	79,45,151.00	59,23,924.00
Retention Money	6,31,05,450.00	4,99,047.00
Earnest Money Deposit	2,97,09,037.00	36,42,400.00
Service tax payable	14,484.00	1,27,369.00
TDS Payable	63,12,096.00	21,51,747.00
EPF Payable	5,02,991.00	4,88,792.00
Provision for Expenses Payable	15,97,54,243.00	7,55,05,080.00
Liquidated Damages	0.00	1,34,286.00
Advance Received against Project	4,15,036.00	29,19,990.00
Advance Received from Bureau of Energy Efficiency	0.00	4,39,00,615.00
Interest Accrued on KFW Loan	42,17,739.00	0.00
Axis credit card	46,641.00	0.00
	<b>27,20,22,868.00</b>	<b>13,52,93,250.00</b>
<b>NOTE 9:</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Income Tax		
Opening Balance	3,81,82,388.00	3,10,39,990.00
Add: Additions during the year	2,14,36,574.00	3,81,82,388.00
Less: Set off against taxes paid	0.00	3,10,39,990.00
<b>(A)</b>	<b>5,96,18,962.00</b>	<b>3,81,82,388.00</b>
Proposed Dividend	2,71,78,811.00	0.00
Tax on Proposed Dividend	56,85,807.00	0.00
<b>(B)</b>	<b>3,28,64,618.00</b>	<b>0.00</b>
<b>Total (A+B)</b>	<b>9,24,83,580.00</b>	<b>3,81,82,388.00</b>
<b>NOTE 11:</b>		
<b>DEFERRED TAX LIABILITIES (NET)</b>		
Deferred tax assets		
Provision for Gruity	4,77,027.00	51,761.00
Provision for Leave Encashment	12,09,318.00	8,95,301.00
Operating lease liabilities	4,01,234.00	0.00
<b>Gross deferred tax assets</b>	<b>20,87,579.00</b>	<b>9,47,062.00</b>
Deferred tax liability		
Timing difference on Depreciation	251,11,570.00	2,85,221.00
<b>Gross deferred tax liability</b>	<b>2,51,11,570.00</b>	<b>2,85,221.00</b>
<b>Net Deferred Tax</b>	<b>2,30,23,991.00</b>	<b>6,61,841.00</b>



**NOTE 10:****(A) TANGIBLE ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01.04.2014	ADDITION	SALE / ADJ.	AS ON 31.03.2015	FOR THE YEAR	SALE / ADJ.	AS ON 31.03.2015	AS ON 31.03.2014
PROJECT EQUIPMENT	1,04,27,868.00	1,42,62,52,988.00	0.00	1,43,66,80,856.00	5,48,87,206.00	6,061.00	1,38,11,53,777.00	97,87,995.00
CELL PHONES	5,68,490.00	5,03,447.00	33,750.00	10,38,187.00	2,40,041.00	0.00	4,69,609.00	2,33,892.00
OFFICE EQUIPMENT	15,85,673.00	32,66,733.00	0.00	48,52,406.00	4,50,037.00	0.00	38,12,136.00	9,95,440.00
FURNITURE & FITTING	1,97,397.00	2,73,15,635.00	0.00	2,75,13,032.00	16,93,609.00	0.00	2,58,00,308.00	1,78,282.00
FURNITURE & FITTING (HYDERABAD)	0.00	3,88,750.00	0.00	3,88,750.00	10,351.00	0.00	3,78,399.00	0.00
COMPUTERS	72,18,278.00	33,41,517.00	0.00	1,05,59,795.00	17,57,021.00	0.00	52,12,564.00	37,62,735.00
COMPUTERS (DSM)	0.00	5,67,215.00	0.00	5,67,215.00	86,790.00	0.00	4,80,425.00	0.00
COMPUTERS (Raipur)	0.00	7,499.00	0.00	7,499.00	1,087.00	0.00	6,412.00	0.00
COMPUTERS (HYDERABAD)	0.00	6,690.00	0.00	6,690.00	743.00	0.00	5,947.00	0.00
LEASEHOLD IMPROVEMENTS	0.00	1,37,97,309.00	0.00	1,37,97,309.00	4,23,486.00	0.00	1,33,73,823.00	0.00
<b>TOTAL</b>	<b>1,99,97,706.00</b>	<b>1,47,54,47,783.00</b>	<b>33,750.00</b>	<b>1,49,54,11,739.00</b>	<b>5,95,50,371.00</b>	<b>6,061.00</b>	<b>1,43,08,28,067.00</b>	<b>1,49,58,344.00</b>
PREVIOUS YEAR	46,74,534.00	1,53,23,172.00	0.00	1,99,97,706.00	21,87,963.00	0.00	1,49,58,344.00	18,23,135.00

**(B) INTANGIBLE ASSETS**

DESCRIPTION	GROSS BLOCK			AMORTIZATION			NET BLOCK	
	AS ON 01.04.2014	ADDITION	SALE / ADJ.	AS ON 31.03.2015	FOR THE YEAR	SALE / ADJ.	AS ON 31.03.2015	AS ON 31.03.2014
SOFTWARE	10,15,903.00	20,61,909.00	0.00	30,77,812.00	75,744.00	0.00	21,81,554.00	1,95,389.00
<b>TOTAL</b>	<b>10,15,903.00</b>	<b>20,61,909.00</b>	<b>0.00</b>	<b>30,77,812.00</b>	<b>75,744.00</b>	<b>0.00</b>	<b>21,81,554.00</b>	<b>1,95,389.00</b>
PREVIOUS YEAR	8,00,761.00	2,15,142.00	0.00	10,15,903.00	1,99,203.00	0.00	1,95,389.00	1,79,450.00



## (C) CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS BLOCK			AMORTIZATION			NET BLOCK	
	AS ON 01.04.2014	ADDITION	SALE / ADJ.	AS ON 31.03.2015	FOR THE YEAR	SALE / ADJ.	AS ON 31.03.2015	AS ON 31.03.2014
Capital Work in Progress	2,62,71,799.00	15,36,01,830.00	17,98,73,629.00	0.00	0.00	0.00	0.00	2,62,71,799.00
DELDP Project -Puducherry	63,91,908.00	30,379.00	64,22,287.00	0.00	0.00	0.00	0.00	63,91,908.00
Project under construction	0.00	11,28,637.00	0.00	11,28,637.00	0.00	0.00	11,28,637.00	0.00
13 ULB AP LED Street Light	0.00	20,61,832.00	0.00	20,61,832.00	0.00	0.00	20,61,832.00	0.00
CESC Mysore	0.00	1,33,51,503.00	0.00	1,33,51,503.00	0.00	0.00	1,33,51,503.00	0.00
Agartala MC LED Street Light	0.00	1,74,670.00	0.00	1,74,670.00	0.00	0.00	1,74,670.00	0.00
Aligarh MC LED Street Light	0.00	11,39,265.00	0.00	11,39,265.00	0.00	0.00	11,39,265.00	0.00
Chattisgarh Project	0.00	9,20,330.00	0.00	9,20,330.00	0.00	0.00	9,20,330.00	0.00
DELDP-AP	0.00	1,80,49,564.00	0.00	1,80,49,564.00	0.00	0.00	1,80,49,564.00	0.00
DELDP-Delhi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DELDP Himachal Pradesh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DELDP Tripura	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DELDP Varanasi	0.00	16,90,722.00	0.00	16,90,722.00	0.00	0.00	16,90,722.00	0.00
DELDP West Goveri	0.00	95,08,971.00	0.00	95,08,971.00	0.00	0.00	95,08,971.00	0.00
Kerala LED Street Lighting	0.00	12,34,357.00	0.00	12,34,357.00	0.00	0.00	12,34,357.00	0.00
Marine Drive Mumbai LED SL	0.00	1,07,19,879.00	0.00	1,07,19,879.00	0.00	0.00	1,07,19,879.00	0.00
Mumbai (DELDP and Street Light)	0.00	23,34,775.00	0.00	23,34,775.00	0.00	0.00	23,34,775.00	0.00
Puducherry LED Street Light	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rajasthan LED DELP and Street Light	0.00	4,75,413.00	0.00	4,75,413.00	0.00	0.00	4,75,413.00	0.00
AqDSM Rajanagar APEPDCL	0.00	22,270.00	0.00	22,270.00	0.00	0.00	22,270.00	0.00
DELDP - Kerala	0.00	17,788.00	0.00	17,788.00	0.00	0.00	17,788.00	0.00
DELDP - Shimla	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GYMC Street Lighting	0.00	18,93,514.00	0.00	18,93,514.00	0.00	0.00	18,93,514.00	0.00
South Delhi LED Street Light	0.00	1,87,70,788.00	0.00	1,87,70,788.00	0.00	0.00	1,87,70,788.00	0.00
Varansai SL Project	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>3,26,63,707.00</b>	<b>23,71,26,487.00</b>	<b>18,62,95,916.00</b>	<b>8,34,94,278.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,34,94,278.00</b>	<b>3,26,63,707.00</b>
<b>PREVIOUS YEAR</b>	<b>0.00</b>	<b>3,26,63,707.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,26,63,707.00</b>	<b>0.00</b>

Grand Total (A+B+C)	5,36,77,316.00	1,71,46,36,179.00	18,63,29,666.00	1,58,19,83,829.00	5,96,26,115.00	6,061.00	1,51,65,03,899.00	4,78,17,440.00
PREVIOUS YEAR	54,75,295.00	4,82,02,021.00	0.00	5,36,77,316.00	23,87,166.00	0.00	4,78,17,440.00	20,02,585.00

## Charged to Statement of Profit &amp; Loss

31.03.2015	31.03.2014
5,96,26,115.00	23,87,166.00
<b>5,96,26,115.00</b>	<b>23,87,166.00</b>



## NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2015

	As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>NOTE 12:</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
Security Deposit	54,82,592.00	22,25,797.00
Advance Rent- (IWA)	0.00	58,81,777.00
Conveyance Advance (Managing Director)	2,72,970.00	3,94,290.00
Advance (Eco lite technologies)	0.00	89,80,540.00
Advance (Rites)	0.00	1,30,00,000.00
	<b>57,55,562.00</b>	<b>3,04,82,404.00</b>
<b>Sub Classification of above:</b>		
<b>Secured ,Considered good</b>		
Conveyance Advance (Managing Director)	2,72,970.00	3,94,290.00
<b>(A)</b>	<b>2,72,970.00</b>	<b>3,94,290.00</b>
<b>Unsecured, Considered good</b>		
Security Deposit	54,82,592.00	22,25,797.00
Advance Rent- (IWA)	0.00	58,81,777.00
Advance (Eco lite technologies)	0.00	89,80,540.00
Advance (Rites)	0.00	1,30,00,000.00
<b>(B)</b>	<b>54,82,592.00</b>	<b>3,00,88,114.00</b>
<b>(A+B)</b>	<b>57,55,562.00</b>	<b>3,04,82,404.00</b>
<b>Due from directors of the company (related Party)</b>	2,72,970.00	3,94,290.00
<b>NOTE 13:</b>		
<b>TRADE RECEIVABLES</b>		
<b>Unsecured, Considered good</b>		
For period exceeding six months	1,68,84,658.00	53,11,385.00
Others	34,99,50,270.00	5,22,82,006.00
	<b>36,68,34,928.00</b>	<b>5,75,93,391.00</b>
<b>NOTE 14:</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>A) CASH AND CASH EQUIVALENTS</b>		
Balance with scheduled banks in current account	34,97,78,858.00	11,42,23,538.00
Cash in hand- Imprest	2,99,024.00	37,500.00
<b>B) OTHER BANK BALANCES</b>		
Balance with scheduled banks in FDR's	74,09,15,080.00	97,50,30,000.00
	<b>1,09,09,92,962.00</b>	<b>1,08,92,91,038.00</b>

## NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2015

	As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>NOTE 15:</b>		
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
Advance Tax & TDS	5,06,58,692.00	2,24,32,472.00
CENVAT Receivables	76,80,042.00	2,48,704.00
Conveyance Advance (Managing Director)	1,21,320.00	1,21,320.00
Prepaid membership fees	0.00	46,875.00
Prepaid Rent	0.00	70,000.00
Prepaid Expenditure	10,24,016.00	0.00
Project Advances	10,57,37,898.00	0.00
Others	60,83,672.00	25,78,232.00
	<b>17,13,05,640.00</b>	<b>2,54,97,603.00</b>
<b>Sub Classification of above:</b>		
<b>Secured, Considered good</b>		
Conveyance Advance (Managing Director)	1,21,320.00	1,21,320.00
<b>(A)</b>	<b>1,21,320.00</b>	<b>1,21,320.00</b>
<b>Unsecured, Considered good</b>		
Advance Tax & TDS	5,06,58,692.00	2,24,32,472.00
CENVAT	76,80,042.00	2,48,704.00
Prepaid membership fees	0.00	46,875.00
Prepaid Rent	0.00	70,000.00
Prepaid Expenditure	10,24,016.00	0.00
Project Advances	10,57,37,898.00	0.00
Others	60,83,672.00	25,78,232.00
<b>(B)</b>	<b>17,11,84,320.00</b>	<b>2,53,76,283.00</b>
<b>(A+B)</b>	<b>17,13,05,640.00</b>	<b>2,54,97,603.00</b>
<b>Due from directors of the company (related Party)</b>	1,21,320.00	1,21,320.00
<b>NOTE 16:</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on Fixed Deposit with Bank	22,59,656.00	34,93,917.00
Interest Accrued but not due on Sweep Account with Bank	18,90,398.00	3,35,149.00
Accrued income on advance to IWAI	0.00	5,14,158.00
Income tax refundable (12-13)	18,46,492.00	18,46,492.00
Old Pumps (Scrap)	13,31,850.00	0.00
	<b>73,28,396.00</b>	<b>61,89,716.00</b>



## NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

	As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>NOTE 17:</b>		
<b>REVENUE FROM OPERATION</b>		
Project and Consultancy Income	61,50,86,348.00	16,25,03,755.00
Monitoring, Evaluation & Testing Fees of Energy Efficiency Equipment	1,02,15,450.00	50,44,950.00
	<b>62,53,01,798.00</b>	<b>16,75,48,705.00</b>
<b>NOTE 18:</b>		
<b>OTHER INCOME</b>		
Tender document fees	33,70,000.00	5,68,075.00
E Tendering Registration fees	2,75,899.00	0.00
Applicable net gain on foreign currency transactions and translation	0.00	3,799.00
Sale of scrap	3,200.00	0.00
Forfeiture of Bank Guarantee/EMD	1,06,000.00	30,000.00
Misc. Income	42,715.00	2,03,288.00
Interest Income	8,19,72,448.00	9,59,10,610.00
	<b>8,57,70,262.00</b>	<b>9,67,15,772.00</b>
<b>NOTE 19:</b>		
<b>PROJECT EXPENSES</b>		
(EESL)	37,14,84,507.00	9,50,82,865.00
(PAT)	0.00	3,55,31,259.00
(S&L)	9,133.00	31,476.00
(DSM)	1,75,56,466.00	0.00
	<b>38,90,50,106.00</b>	<b>13,06,45,600.00</b>
<b>NOTE 20:</b>		
<b>(INCREASE)/DECREASE IN INVENTORY</b>		
Opening Stock	0.00	0.00
Closing Stock	13,31,850.00	0.00
	<b>(13,31,850.00)</b>	<b>0.00</b>
<b>NOTE 21:</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salary & Allowances	6,28,44,840.00	3,11,41,154.00
Leave Encashment	5,43,228.00	19,73,712.00
Gratuity Contribution	13,10,726.00	1,59,536.00
Employer Cont. to P.F	44,58,375.00	18,31,807.00
Staff Welfare Expenses	19,35,054.00	5,53,322.00
	<b>7,10,92,223.00</b>	<b>3,56,59,531.00</b>
<b>NOTE 22:</b>		
<b>FINANCE COST</b>		
Interest on loan from KFW	42,17,739.00	0.00
Commitment Fees (KFW Loan)	6,31,053.00	0.00
Guarantee Fee (KFW Loan)	0.00	1,35,742.00
	<b>48,48,792.00</b>	<b>1,35,742.00</b>





## NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

	As at 31.03.2015	(Amount in ₹) As at 31.03.2014
<b>NOTE 23:</b>		
<b>OTHER EXPENSES</b>		
Annual Maintenance Charges - Projects	8,19,845.00	0.00
Legal Fees & Professional Charges	6,69,107.00	10,45,177.00
Conveyance Expenses	52,04,608.00	30,51,724.00
Misc. Expenses	34,85,133.00	1,40,35,092.00
Repair & Maintenance Expenses	14,15,514.00	6,46,512.00
Internal Audit Fees	50,000.00	45,000.00
Advertisement & Publicity Expenses	17,77,943.00	25,88,340.00
Printing & Stationery Expenses	23,29,728.00	20,93,669.00
Meeting Expense/Hospitality Expenses	7,23,710.00	10,57,096.00
Tour & Traveling Expenses	67,60,351.00	50,48,218.00
Rent Expenses	1,61,46,227.00	1,51,48,860.00
ROC Fees	17,000.00	7,900.00
Electricity Expenses	17,90,001.00	11,76,890.00
Auditor's Remuneration:-		
- Statutory Audit fee	2,50,000.00	75,000.00
- Tax Audit fee	50,000.00	25,000.00
Bank Charges	85,653.00	7,036.00
Sponsorship Expenses	12,40,000.00	0.00
Manpower Expenses	1,07,49,671.00	74,99,551.00
Interest on late deposit of TDS	1,030.00	35,643.00
Interest on service tax	27,870.00	22,31,799.00
Subscription fees	12,55,824.00	0.00
Insurance charges	3,83,902.00	14,149.00
Applicable net gain/loss on foreign currency transactions and translation	6,23,982.00	0.00
Deferred Rent Expenses	12,36,659.00	0.00
	<b>5,70,93,758.00</b>	<b>5,58,32,656.00</b>
<b>Less: Recovery against Capitalisation</b>	(89,52,102.00)	0.00
	<b>4,81,41,656.00</b>	<b>5,58,32,656.00</b>
<b>NOTE 24:</b>		
<b>PRIOR PERIOD ADJUSTMENTS (NET)</b>		
Consultancy income (EESL)	0.00	(84,98,705.00)
Project Income (PAT)	0.00	(6,30,31,810.00)
Project Expenses (PAT)	0.00	6,30,31,810.00
Rent expenses	38,63,572.00	0.00
Project Expenseses	63,003.00	0.00
<b>Net Prior Period Expense/(Income)</b>	<b>39,26,575.00</b>	<b>(84,98,705.00)</b>



## NOTES TO ACCOUNTS

### NOTE 25:

In the opinion of the Board of directors the value on realization of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.

### NOTE: 26

Balance of Trade receivables, Trade payables and loans & advances are subject to as certified by the management and direct confirmation from the parties.

### NOTE: 27

#### RELATED PARTY DISCLOSURE

In compliance of Accounting Standard – 18 on “Related Party Disclosure” issued by the ICAI, the details pertaining to related party disclosure are as follows:

##### (i) Key Management Personnel

<u>Name</u>	<u>Designation</u>
P.J. Thakkar	Chairman (w.e.f 10th Dec, 2013)
Saurabh Kumar	Managing Director (w.e.f 7th May, 2013)
S.N.Ganguly	Nominee Director (w.e.f 19th Nov, 2013)
Puliyar Krishnaswamy Ravi	Government Nominee Director (w.e.f 20th June, 2013)
Bhaskar Jyoti Sharma	Government Nominee Director (w.e.f 20th June, 2013)
Seema Gupta	Nominee Director (w.e.f 10th July, 2013)
A Chakravati	Nominee Director (w.e.f 16th Jan, 2014)

##### (ii) Joint Venture Partners

Party Name	% of Shareholding
NTPC Limited	25%
Power Grid Corporation of India Limited	25%
Rural Electrification Corporation Limited	25%
Power Finance Corporation Limited	25%

Related parties defined under Clause 3 of AS-18 “Related Party Disclosure” have been identified on the basis of representation made by managerial personnel and information available with the company.

##### (iii) Transactions with Related Party- Managing Director

S.No.	Nature of Transaction	Person who make significant influence	Relative of Key Management Personnel	Key Management Personnel	Volume of Transaction (₹)	Year end Balance (₹)
1.	Remuneration	-	-	Saurabh Kumar	21,11,753.00	0.00
2.	Coveyance Advance (Managing Director)	-	-	Saurabh Kumar	1,21,320.00	3,94,290.00



(iv) The company was having 1 No's staff on deputation from NTPC and Nil No. (Previous year 1 No) from Power Grid Corporation of India Ltd during the year whose salaries are paid by the principals and the same are being reimbursed by the company.

Name of Party	Current Year (₹)		Previous Year (₹)	
	Transaction during the Year	Outstanding Balance as on 31.03.2015 (Cr)	Transaction during the Year	Outstanding Balance as on 31.03.2014 (Cr)
Power Grid Corporation of India Limited	1,82,251.00	0.00	0.00	0.00
NTPC Limited	20,55,727.00	25,28,544.00	75,48,236.00	25,28,244.00

(v). Internet Expenses paid to parent company

Name of Party	Current Year (₹)		Previous Year (₹)	
	Transaction during the Year	Outstanding Balance as on 31.03.2015 (Cr)	Transaction during the Year	Outstanding Balance as on 31.03.2014 (Cr)
Power Grid Corporation of India Limited	0.00	0.00	5,38,942.00	5,22,167

(vi) Consultancy Work with parent companies

Particulars	As at 31.3.2015	As at 31.3.2014
<b>Contingent Liabilities</b>	NIL	NIL
<b>COMMITMENTS</b>		
Estimated value of contract to be executed on Capital Account and not provided	59,97,12,800/-	20.73,61,436/-

## NOTE: 28

### SERVICE TAX ON THE RENT

According to the available communication between Company and landlord of Corporate Office, all taxes shall be borne by the Company. However, Company has neither paid service tax on the rent to landlord, nor made any provision in the books of account. Though this service tax liability, which is yet to be ascertained may arise in the future, same has not been shown as Contingent Liability since the amount, as and when paid, would be available in form of CENVAT credit.

## NOTE: 29

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings and outgo during the year under review is as below-

(Amount in ₹)

	Year ended 31.03.2015	Year ended 31.03.2014
Expenditure in Foreign Currency	NIL	62,500/-
Earning In Foreign Exchange	NIL	29,57,844/-

## NOTE: 30

### CONTINGENT LIABILITIES & CAPITAL COMMITMENTS



Particulars	As at 31.3.2015	As at 31.3.2014
<b>Contingent Liabilities</b>	NIL	NIL
<b>COMMITMENTS</b>		
Estimated value of contract to be executed on Capital Account and not provided	59,97,12,800/-	20.73,61,436/-

**NOTE: 31**

Figures relating to previous year have been regrouped and rearranged wherever considered necessary to conform current year's classification.

**NOTE: 32****Disclosure as per Accounting Standard - 17 on "Segment Reporting"****Segment information:**

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.

**Note: 33****Disclosure Pursuant to Accounting Standard-19 on "Lease"****Premises Taken on Lease:**

The Company has entered into agreements for taking certain residential/office premises, warehouses on Operating lease. The lease term is for a period ranging from 1 to 15 years. There are escalation clauses in the lease agreements.

The specified disclosure in respect of these agreements is given below:

Particulars	For Year Ended 31-Mar-15	For Year Ended 31-Mar-14
<b>Future Minimum rentals payable under non cancellable operating leases are as follows:-</b>		
- Within one year	1,73,33,622.00	0.00
- After one year but not more than five years	6,93,34,488.00	0.00
- More than five years	15,74,47,706.00	0.00
<b>Total</b>	<b>24,41,15,179.00</b>	<b>0.00</b>

**NOTE: 34**

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

**NOTE: 35****Disclosure as per Accounting Standard -20 on 'Earning per share'**

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



Particulars	Current Year (₹)	Previous Year (₹)
Net profit after tax attributed to equity shareholder - ₹	9,05,96,037.00	1,02,97,850/-
Weighted average number of equity shares outstanding during the year	9,00,00,000.00	9,00,00,000.00
Basic Earning per share	1.01	0.11
Face value per share - ₹	10/-	10/-
Diluted weighted average number of equity shares outstanding during the year	9,00,00,000.00	9,00,00,000.00
Diluted Earnings per equity share of ₹ 10/- each	1.01	0.11

**NOTE: 36**

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 asset 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 realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

Particulars	Current Year (₹)	Previous Year (₹)
Deferred Tax Assets in respect of Preliminary Expenses	0.00	00.00
Deferred Tax Assets in respect of Provision for Leave Encashment	12,09,318.00	8,95,301.00
Deferred Tax Assets in respect of Provision for Gratuity	4,77,027.00	51,761.00
Deferred Tax Assets in respect of deferred rent expenses	4,01,234.00	0.00
Deferred Tax Liabilities in respect of Depreciation on Fixed Assets	(2,51,11,570)	(2,85,221)
Deferred Tax Assets / (Liabilities)	(2,30,23,991)	6,61,841.00

**NOTE: 37**

The Company entered into a loan agreement with KfW for assistance of 50 million Euro for the project "Energy Efficiency in Public Buildings & Infrastructure" under Indo-German Bilateral Development Cooperation Programme on 31st March 2015. The major terms and conditions of loan are as under:

Rate of Interest: 1.96% p.a.

Repayment on half yearly basis starting from 30.6.2018 in first 14 installments of Euro 29,41,000 each and last 3 installments of Euro 29,42,000 each

In addition, KfW also providing financial assistance of 1.50 million Euro to EESL in the nature of Technical Assistance. The Government of India provided sovereign guarantee to KfW on the assistance of 51.50 million Euro.

**NOTE: 38**

The Company has implemented an Ag-DSM project for HESCOM in Hubli, Karnataka in which investment is made by the company and M/s Enzen Global Solutions Pvt Ltd in the ratio of 40:60. The company has capitalized the project by 40% of the investment made by the company. The Company and M/s Enzen Global Solutions Pvt Ltd will get 50:50 share out of the payment made by HESCOM towards energy saving in next 5 years.

**NOTE: 39**

"The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company in respect of following exemptions and relaxations:

**(a) Accounting Standard 29**

Para 67 which states the disclosure of brief description of nature of obligation, expected timing of any resulting outflow of economic benefits, indication of uncertainties about those outflows.



**(b) Accounting Standard 19**

Para 22 (c), (e) and (f); 37 (a) and (f) and 46 (b), (d) are not applicable to the company and exemptions has been taken for Para 25 (a), (b) and (e) in preparation of Financial Statements.

**(c) Accounting Standard 15**

Para 46 and 139 of Accounting Standard 15 in respect to discounting of amounts that fall due for more than 12 months after balance sheet date.

Para 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 of the standard in respect of accounting of defined benefit plans.

Para 129 to 131 of the standard in respect of accounting for other Long-Term Employee Benefits.

**NOTE: 40****AUDITORS REMUNERATION**

Nature of Transaction	Current Year (₹)	Previous Year (₹)
Statutory Audit fees	2,50,000/-	50,000/-
Tax Audit fees	50,000/-	25,000/-

**NOTE: 41**

There is an amount Rs. 43,45,235.00 of Liquidated Damages need to be deducted from the payment of Ecolite Technologies due to delay in implementation of Project as per agreement signed with them.

**NOTE : 42**

Company having a scrap of old pumps no. 590 and 177 from HESCOM and CESC Mysore Project respectively accounted for in the books on the basis of valuation report.

As per our audit report of even  
date annexed

**For G. K. Kedia & Co.**  
Chartered Accountants  
FRN 013016N

**For and on behalf of the Board of Directors**

**Prakash Thakkar**  
Chairman & Director  
DIN : 01120152

**Saurabh Kumar**  
Managing Director  
DIN : 06576793

**Sameer Agarwal**  
Chief Financial Officer

**Pooja Shukla**  
Company Secretary

**Arvind Sharma**  
Partner  
M. No. 530217

Place: New Delhi

Date: 03<sup>rd</sup> July, 2015



**ADDRESS OF EESL OFFICES:-**

Sl. No.	States/UT/Cities	Address	Telephone number	Fax/E- mail
1.	Registered office	4th Floor, Sewa Bhawan, R.K.Puram, New Delhi-110066	91 -11-26179699	info@eesl.co.in
2.	Corporate office	4th & 5th Floor, IWAI Building, A-13, Sector-1, Noida-201301, U.P.	91-120-4908000	91-120-4908099

**Regional Project Offices**

3.	Hyderabad	Mr. A. Srinivas Rao & Mr. Ashokan G. Plot No. 43 C, Road No. 71, Jubilee Hills, Hyderabad, A.P.	040-65554020	asrao@eesl.co.in gashokan@eesl.co.in
4.	Mumbai	Mr. Dipak Hanmant Kokate & Mr. Sharat Chandra Block A1, 8th Floor, Chandramukhi, Ramnath Goenka Marg, Nariman Point, Mumbai-400021.	022-40021193	dhkokate@eesl.co.in schandra@eesl.co.in
5.	Vishakhapatnam	Mr. Ramesh T. Door No.7-8-22, Street R.K. Mission Road, Area Waltair Ward, Ward No. 18, Visakhapatnam.	91-8912790460	ramesht@eesl.co.in
6.	Jaipur	Dr. Ritu Singh 605/606, 6th Floor, City Corporate, Malviya Marg, C Scheme, Jaipur- 302001	0141-4044186	ritusingh@eesl.co.in





## Energy Efficiency Services Limited

**Corporate Office:**

A 13, IWL Building, 4<sup>th</sup> & 5<sup>th</sup> Floor,  
Sector 1, Noida 201 301  
Phone: +91 120 490 8000  
Fax: +91 120 490 8099

**Registered Office:**

4<sup>th</sup> Floor, Sewa Bhawan  
R.K. Puram  
New Delhi 110 066  
Phone: +91 11 26 17 9699

E-mail: [info@eesl.co.in](mailto:info@eesl.co.in)  
[www.eesl.co.in](http://www.eesl.co.in)