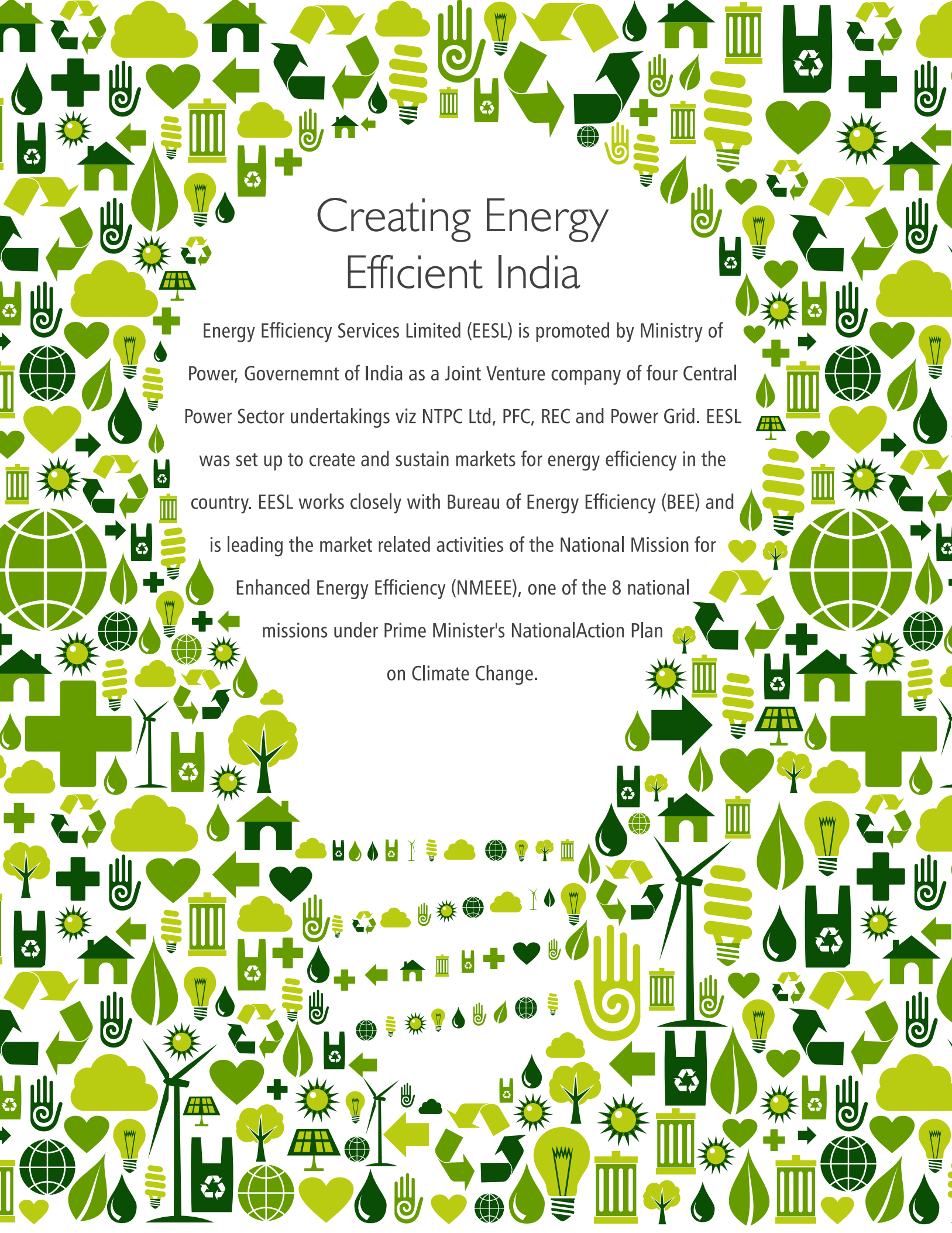




Creating an Energy Efficient India

ANNUAL REPORT 2013 -14





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.

Vision



EESL seeks to unlock market for energy efficiency in India estimated of Rs. 74000 crores resulting in energy savings 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.



Launch of DELP Project at Puducherry



Launch of DELP Project at Puducherry

BOARD OF DIRECTORS'

Chairman	Shri P. J. Thakkar
Managing Director	Shri Saurabh Kumar
Directors	Shri A. Chakravarti
	Shri Bhaskar J. Sarma
	Shri P.K. Ravi
	Shri S.N. Ganguly
	Ms. Seema Gupta
Chief Financial Officer	Shri Sameer Agarwal
Company Secretary	Ms. Pooja Shukla
Registered Office	4 th Floor, Sewa Bhawan, R.K. Puram, New Delhi-110066
Corporate Office	4 th Floor, IWAI Building, A-13, Sector-I, Noida-201301 (U.P.)
Internal Auditors	M/s Jain & Malhotra, Chartered Accountants, 42- B, Hanuman Lane, Near Hanuman Mandir, Connaught Place, New Delhi-110001
Statutory Auditors	M/s G.K. Kedia & Co. , Chartered Accountants, 914, Naurang House 21, Kasturba Gandhi Marg, New Delhi 110 001
Bankers	Axis Bank Yes Bank



Signing Ceremony of Street light implementation agreement between Energy Efficiency Services Ltd. (EESL), South Delhi, Municipal Corporation (SDMC) and BSES Rajdhani Power Ltd (BRPL).



MOU Exchanged between Energy Efficiency Services Ltd. (EESL) and State Energy Conservation Mission (SECM)

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ENERGY EFFICIENCY SERVICES LIMITED

[A Joint Venture Company of PSUs of Ministry of Power]
Regd. Office: 4th Floor, Sewa Bhawan, R.K.Puram, New Delhi – 110 066
Corporate Office: 4th Floor, IWAI Building, A-13, Sector-1, Noida
CIN:U40200DL2009PLC196789

NOTICE

NOTICE is hereby given that Fifth Annual General Meeting of the Shareholders of Energy Efficiency Services limited (EESL) will be held on Tuesday 30th December, 2014 at 4.30 p.m. at registered office of the Company at 4th Floor, Sewa Bhawan, R.K.Puram, New Delhi – 110 066 - to transact the following business:

ORDINARY BUSINESS

1. To approve and adopt the Directors' Report, audited Balance Sheet as at 31st March, 2014 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 Saurabh Kumar (DIN06576793), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Ms. Seema Gupta (DIN06636330), who retires by rotation and being eligible, offers herself for reappointment.
4. To fix the remuneration of statutory Auditors.

SEPCIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution:-**

“Resolved that pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013, Rules made thereunder, Shri P.J.Thakkar (DIN: 01120152), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri P.J.Thakkar (DIN: 01120152) as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

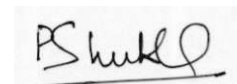
6. To consider and, if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution:-**

“Resolved that pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013, Rules made thereunder, Shri S.N. Ganguly (DIN: 03457351), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri S.N. Ganguly (DIN: 03457351) as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

7. To consider and, if thought fit, to pass with or without modification (s) the following resolution as an **Ordinary Resolution:-**

“Resolved that pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013, Rules made thereunder, Shri A .Chakravarti (DIN: 00082562), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri A .Chakravarti (DIN: 00082562) as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'P Shukla', is enclosed in a light grey rectangular box.

(Pooja Shukla)
Company Secretary

Place: New Delhi
Date: 30.12.2014

All Shareholders

The Chairman, Managing Director and Directors.

Statutory Auditors

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself/herself and the proxy need not be a member of the Company.
2. Pursuant to Section 619(2) of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) in terms of section 142 of the Companies Act, 2013 their remuneration has to be fixed by the Company in the Annual General Meeting on in such manner as the Company may in General Meeting determine. Further, C&AG has appointed M/s G.K. Kedia & Co, Chartered Accountants as Statutory Auditors of the Company for the financial year 2014-2015. The members may kindly authorize the Board to fix appropriate remuneration of Statutory Auditors for the year 2014-15, after taking into consideration the volume of work and prevailing inflation.
3. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Businesses, as set out above is annexed hereto.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO-5 OF THE NOTICE

Shri P.J.Thakkar was nominated as Nominee Director on the BOARD of Energy Efficiency Services limited (EESL) by Rural Electrification Corporation Limited in terms of their letter dated 6th Dec, 2013. He was appointed on the Board of the Company and designated as Chairman of the Company w.e.f 10th Dec, 2013.

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 P.J.Thakkar as Director on the Board of EESL.

None of the Director or Key Managerial Personnel of the Company or their relatives except Shri P.J. Thakkar is interested or concerned in the resolution. The Board recommends the resolution for your approval.

ITEM NO-6 OF THE NOTICE

Shri S.N. Ganguly was nominated as Nominee Director on the BOARD of Energy Efficiency Services limited (EESL) by NTPC Limited. He was appointed on the Board of the Company w.e.f 19th Nov, 2013.

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 S.N. Ganguly as Director on the Board of EESL.

None of the Director or Key Managerial Personnel of the Company or their relatives except Shri S.N. Ganguly is interested or concerned in the resolution. The Board recommends the resolution for your approval.

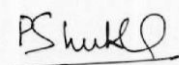
ITEM NO-7 OF THE NOTICE

Shri A. Chakravarti was nominated as Nominee Director on the BOARD of Energy Efficiency Services limited (EESL) by Power Finance Corporation Limited in terms of their letter dated 19th Dec, 2013. He was appointed on the Board of the Company w.e.f 16th Jan, 2014.

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 A. Chakravarti as Director on the Board of EESL.

None of the Director or Key Managerial Personnel of the Company or their relatives except Shri A. Chakravarti is interested or concerned in the resolution. The Board recommends the resolution for your approval.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'P Shukla', is written over a light blue rectangular background.

(Pooja Shukla)
Company Secretary

Place: New Delhi
Date: 30.12.2014

ENERGY EFFICIENCY SERVICES LIMITED

[A Joint Venture Company of PSUs of Ministry of Power]
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 Corporate Office: 4th Floor, IWAI Building, A-13, Sector-1, Noida
 CIN:U40200DL20009PLC196789

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	Signature	
	E-mail ID			
Or falling him				

2.	Name of the shareholder			
	Registered address			
	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 30th Dec, 2014 at 4th Floor, Sewa Bhawan, R.K.Puram, New Delhi – 110 066 and 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 st March, 2014 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 Saurabh Kumar (DIN 06576793), who retires by rotation and being eligible, offers himself for reappointment.		
3.	To appoint a Director in place of Ms. Seema Gupta (DIN 06636330), who retires by rotation and being eligible, offers herself for reappointment.		
4.	Fixation of remuneration of Auditors		
Special Business			
5.	Appointment of Shri P.J. Thakkar (DIN: 01120152) as Director.		
6.	Appointment of Shri S.N. Ganguly (DIN: 03457351) as Director.		
7.	Appointment of Shri A. Chakravarti (DIN: 00082562) as Director		

Signed this.....day of20.....

Signature of Shareholders _____ Signature of proxy holder(s)

Affix Revenue
Stamp of
Rs. 1/0

ENERGY EFFICIENCY SERVICES LIMITED

[A Joint Venture Company of PSUs of Ministry of Power]
 Regd. Office: 4th Floor, Sewa Bhawan, R.K.Puram, New Delhi – 110 066
 Corporate Office: 4th Floor, IWAI Building, A-13, Sector-1, Noida
 CIN:U40200DL2009PLC196789

DIRECTORS' REPORT

To
 The Members,

Your Directors have pleasure in presenting Fifth Annual Report on the working of the company for the financial year ended on 31st March, 2014 together with Audited Annual Accounts, Auditors' Report and Review by the Comptroller and Auditor General of India for the reporting period.

I. FINANCIAL PERFORMANCE

The total income of your Company for the year under review is Rs. 2642.64 lacs. The profit before tax (PBT) and profit after tax (PAT) stood at Rs. 481.02 lacs and Rs. 102.98 lacs respectively. Your Directors are pleased to report the performance of the business operations of your Company as per the following details:

Amount (Rs. In lacs)

Particulars	Current Year (2013-14)	Previous Year (2012-13)
Share Capital	9000.00	9000.00
Sales & Services and Other Income	2642.64	2633.93
Profit Before Depreciation & Taxes	504.89	957.18
Less: Depreciation	23.87	15.54
Profit/(Loss) Before Tax	481.02	941.64
Less: Provision for Taxation		
-Current Year		
-Deferred Tax Asset	381.82 (3.78)	310.38 (3.09)
Profit/(Loss) after Tax	102.98	634.35
Profit/(Loss) brought forward from Previous Years	1352.88	718.53
Balance carried forward to Balance Sheet	1455.86	1352.88

2. OPERATIONAL HIGHLIGHTS

Your Company has been set up as a Joint Venture Company of four Central Public Sector Undertakings of Ministry of Power, Government of India viz. NTPC Ltd, Power Grid Corporation of India Ltd, Power Finance Corporation Ltd and Rural Electrification Corporation Ltd with an objective of implementing programmes and projects in the field of energy efficiency including the National Mission for Enhanced Energy Efficiency (NMEEE) which is one of the eight National Missions announced by the Hon'ble Prime Minister as a part of "National Action Plan on Climate Change". It also acts as an energy service company (ESCO), as resource center, as Consultancy Organization and implementing agency for State Designated Agencies and other State and Central Government schemes. The Company is implementing various programmes in Buildings, Agricultural pumping and Municipalities and Govt. schemes like Perform Achieve and Trade (PAT), Standards & Labelling etc.

The key highlights pertaining to the business of your Company for the year 2013-14 and period subsequent thereto are given hereunder:

2.1 DSM BASED EFFICIENT LIGHTING PROGRAM (DELP)-

DELP leverages Demand Side Management (DSM) regulatory framework that many SERCs have created to set up a robust payment security mechanism. The programme considered energy efficiency as resources at a predetermined SOP price, which is paid to EESL for every unit of energy saved. Under the programme, high quality LED bulbs are provided at a cost of Rs. 10/- each as replacements to ordinary bulbs to households. EESL, on its own or in collaboration with partners, undertakes project implementation and takes investment risk. EESL makes the upfront investment to reduce the cost of LED bulbs and recover the same from energy savings to DISCOM. Each replacement of 60W incandescent lamp with 7W LED leads to energy savings of 88% and thereby cost savings which is used to service the upfront investment made by EESL. The programme implemented during the year is as under:-

(a) DELP, Puducherry- EESL has implemented DSM Based Efficient Lighting program in 2.45 lakh domestic households in Union Territory of Puducherry that entailed distribution of 6.45 lacs LED bulbs. The program depicted 383.70 Million KGs of reduction in carbon emission in one year. The programme considered energy efficiency as resources at a predetermined DELP SOP price which will be paid to EESL for every unit of energy saved.

2.2 ENERGY EFFICIENCY IN BUILDINGS

Energy Efficiency Services Limited (EESL), was engaged by Planning Commission for the implementation of the project involving energy retrofits on deferred capital cost recovery model wherein EESL has implemented the project using own finances and recovering capital cost over 2 years by demonstrating guaranteed energy savings to the satisfaction of Yojana Bhawan. Under the project, EESL not only implemented the project for Yojana Bhawan but also provided value added services viz-a-viz finalization of technical specifications of energy efficient equipments, bid management process, free integration of cloud based energy management system for tighter monitoring and control system.

2.3 ENERGY EFFICIENCY IN AGRICULTURAL (MYSORE)

Your Company and Chamundeshwari Electricity Supply Corporation Limited (CESC) signed an agreement to replace approx. 1337 nos. of inefficient agricultural pump sets with BEE star rated energy efficient pump sets at Malavalli Subdivision of the Mandya District. M/s Powergrid Corporation of India Limited (PGCIL) has been selected as the Project Management Consultant for the project implementation. Replacement of the pump sets is under progress on ESCO mode. As on date 21st December, 2014 total 502 nos. of pumps has been replaced and Energy Savings of up to 35% has been achieved till now and it is expected that project is to be completed by March 2015.

2.4 IMPLEMENTATION OF VARIOUS SCHEME OF CENTRAL/STATE GOVERNMENT OF INDIA AND ITS AGENCIES

EESL is designated as IAME (Independent Agency for Monitoring and Evaluation) in **BEE's Standard & Labelling Program** for carrying out Application Scrutiny, Check Testing of the Appliances & Disposal of Check Tested Appliances/samples through MSTC. During the year, your Company has processed approx 3700 applications.

3. PROJECT OFFICES

For smooth operations and quick implementation, your company has opened temporary site/project offices at various locations viz-a-viz Mysore, Raipur, Kolkata, Puducherry, Hyderabad, Visakhapatnam, Thiruvananthapuram etc.

4. MEMORANDUM OF UNDERSTANDING WITH VARIOUS ORGANIZATION

For advancing and implementing energy efficiency measures in India, EESL has signed several memorandum of understanding with various organizations viz-a-viz Tata Power, IL&FS, PTC India, MECON, FICCI & GIZ, Shakti Foundation. This Memorandum provides a flexible, overarching framework under which collaborative activities and partnerships in the field of Energy as energy efficiency and energy conservation which may be conducted during the period the memorandum is in force.

5. VIGILANCE

Vigilance department has formulated w.e.f. 06.12.2013 which contains the procedure for handling various complaints lodged with the department. Your Company ensures transparency, objectivity and quality of decision making in its operations, and to monitor the same. The Vigilance Department submits its report to Managing Director of the Company.

6. IMPLEMENTATION OF VARIOUS POLICY/CIRCULAR

6.1 Medical Policy

The company has framed and implemented revised medical policy for the employees of EESL. The revised medical policy is also placed annually before the Board for review.

6.2 Fraud Prevention Policy

The Fraud Prevention Policy has been formulated and implemented in your Company. The cases referred by the nodal officers are being investigated immediately to avoid fraudulent behaviors as defined in the Fraud Prevention Policy.

6.3 Procurement of Goods, Works & Non Consulting Services Guidelines, Policy & Procedure

The Procurement Guidelines, Policy & Procedure has been formulated and implemented in your Company.

7. RIGHT TO INFORMATION

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has designated a Central Public Information Officer (CPIO), an Appellate Authority and APIOs at all sites and offices of EESL.

8. STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s G.K. Kedia & Co, Chartered Accountant was appointed as Statutory Auditors for the financial year 2013-14.

9. MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given a qualified report on the accounts of the Company for the financial year 2013-14. They have drawn attention towards Note-8 (C) and Note I (iii) 32 to the financial statements in respect of the capitalization of expenditures incurred on the project under construction and note 21 regarding booking of income as prior period.

The Statutory Auditors further reported on Section 2 (I) (ZC) of DVAT Act, 2004 regarding value added tax and Rule 9 of CENVAT Credit Rules, 2004 and Rule 4A of Service Tax Rules, 1994. Management Reply on Statutory Auditor's observation on the Annual Accounts of the Company for the financial year 2013-14 is being placed with the report of Statutory Auditors of your Company as Annexure-I of the report.

10. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The comments of C&AG for the year 2013-14 are being placed as Annexure-II of the report.

II. RESOURCE MOBILIZATION

II.1 Equity

The authorized capital of your Company is Rs. 190 Crores and the paid-up capital of the Company is Rs. 90 crores. Each promoter company is holding 25% shares in the Company.

II.2 Loan from multilateral/bilateral agencies under official/external development assistance

- **KfW**

Your Company mobilized funds to the extent of Euro 50 Million from Kreditanstalt Fur Wiederaufbau (KfW) as loan from multilateral/bilateral agencies under official/external development assistance to promote investments in energy efficiency measures for the term of 12 years with a moratorium of 4 years and at interest rate of 1.96% per annum. The loan will be disbursed in 3 tranche and repayment will be in 17 consecutive semi-annual instalments beginning from 30th June 2018 up to 30th June 2026.

As on the date of this report, several projects have been approved by KfW for financing, including Street light project for Nashik Municipal Corporation, DELP project for Puducherry Electricity Department, DELP project at Guntur, Anantapur, West Godavari and Srikakulam Districts in Andhra Pradesh, and Street light project at Vishakapatnam.

- **AFD & ADB**

Following the Sixth Annual Consultation meeting between AFD and DEA held on 4th April, 2014, AFD vide their letter dated 6th August, 2014 confirmed their interest in assessing the possibility to provide long term financing to EESL to support the development of its activities with a guarantee from the Government of India for a maximum amount of Euros 50 million.

For the proposed line of credit for EESL from ADB to the extent of \$200 million, in principal approval from Ministry of Power to support the proposal has been received subject to submission of project proposal in prescribed format to DEA.

II.3 Grants/Technical Assistance

- **KfW**

Your Company has signed an agreement with KfW & EESL for technical Assistance of €1.50 Million on 31st March 2014.

- **World Bank – Partial Risk Sharing Facility**

In order to mobilize commercial financing using risk sharing mechanisms through GEF and CTF support and catalyze Energy Service Company (ESCO) implemented energy efficiency projects, World Bank has proposed Partial Risk Sharing Facility of (US\$37mn) funded from a GEF Grant of US\$12 million and CTF Guarantee of US\$25 million. Under the second component of Technical assistance and capacity building (US\$6mn), GEF would grant US\$6 million for TA activities; out of which EESL would manage US\$2 million.

12. PROSPECTS

Energy Efficiency is a new & evolving business area and within the country there are no set precedents of successful investments in this type of business. Your Company is marching ahead with grit and determination bravely facing all the challenges and is poised to leverage its resources and strengths for exploiting the growth opportunities to make and maintain a leading position in this sector.

13. DIVIDEND

In order to conserve resources to meet the future growth requirements of the Company, the Directors feel it prudent to retain the profits and not to recommend any dividend for the year ended 31st March 2014.

14. PUBLIC DEPOSITS

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

15. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

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

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
(a) Expenditure in foreign currency	62,500.00	Nil
(b) Earning in foreign currency	29,57,844.00	Nil

16. PARTICULARS OF EMPLOYEES

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

17. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-14 and of the profit of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on going concern basis.

18. BOARD OF DIRECTORS

During the year, Board of the company has been restructured. Position of Managing Director has been created in place of Chief Executive Officer. The management of the day-to-day affairs of the Company has been vested with the Managing Director of the Company. Following changes have been occurred in the Board of Directors of the Company:-

- Shri Saurabh Kumar has joined as Managing Director of the Company w.e.f 7th May, 2013.
- Consequent upon the superannuation of Shri M.K.V.Rama Rao, Shri S.N. Ganguly was appointed on the Board of the Company as nominee director of NTPC Limited w.e.f 19.11.2013.
- Shri P. J. Thakkar was appointed on the Board of the Company as nominee director, Rural Electrification Corporation Limited in place of Shri Ashok Awasthi and nominated as chairman of the Company w.e.f 10th Dec, 2013
- Shri A.Chakravarti was appointed on the Board of the Company as nominee director, Power Finance Corporation Limited in place of Shri A.K.Agarwal w.e.f 16th Jan, 2014.

The Board of Directors place on record its deep appreciation for valuable contribution made by Shri A.K. Agarwal, Shri Ashok Awasthi, Shri M.K.V Rama Rao and Shri Mahindra Singh during their association as Directors of the Company.

In compliance of the provisions of Section 152 of the Companies Act, 2013, Ms. Seema Gupta and Shri Saurabh Kumar, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

19. PROJECT SUB COMMITTEE

Your Directors has constituted Project Sub Committee of the Board of Directors of the Company on 20th July, 2013. Term of Reference of PSC is to consider and accord approval for –

- Investment in project having project cost of more than Rs. 5 Crore to Rs. 10 Crores
- Upward variation in project cost in aggregate, which exceeds 10% of the originally approved project cost but not exceeding 25% of the originally approved project cost.

As on 31st March, 2014, the members of Project Sub Committee of the Company were as under:

1. Shri Saurabh Kumar, Managing Director
2. Shri Bhaskar J Sarma, Director
3. Shri S.N. Ganguly, Director
4. Ms. Seema Gupta, Director

20. AUDIT COMMITTEE

Your Directors has re-constituted an Audit Committee of the Board of Directors of the Company on 16th Jan, 2014. As on 31st March, 2014, the members of Audit Committee were as under:

1. Shri A. Chakravarti, Director
2. Shri S.N. Ganguly, Director
3. Shri P.K. Ravi, Director
4. Ms. Seema Gupta, Director

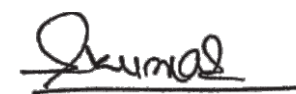
21. ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Date: 30-12-14

Place: New Delhi

A handwritten signature in black ink, appearing to read 'S. Kumar', is written over a horizontal line.

(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 comprise the Balance Sheet as at March 31st, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Coorporate Affairs in respect of section 133 of the Companies Act, 2013 and accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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*.

BASIS OF QUALIFIED OPINION

For which no final agreement has been made except the agreement for preparing Detailed Project Report (DPR). Since no asset has been acquired or created that can be recognized, hence in our opinion, this treatment is not in accordance with the generally accepted accounting standards prevalent in India and ought to have been recognized in the Statement of Profit and Loss as and when incurred. Para 56 of Accounting Standard 26 “Intangible Asset” states that “in some cases, expenditure is incurred to provide future economic benefits to an enterprise, but no intangible asset or other asset is acquired or created that can be recognized. In these cases, the expenditure is recognized as an expense when it is incurred.” As result, the working results for the year ended 31st March, 2014 would have been a profit of Rs. 60,78,551.00 as against the reported profit of Rs. 1,02,97,850.00. The Income tax Expense would have been 3,60,09,779.00 as against the reported Income Tax Expense of Rs. 3,81,82,388.00. The agreements for the approval of the projects’ initiation have not been obtained by the Company till our audit completion.

2. We further report that the Company has raised invoices for supply of “LED Based Solar Lighting Systems” amounting to Rs. 7,35,82,203.00 as per individual agreements with the parties but no Value Added Tax (at the rate of 5% amounting to Rs. 36,79,110.00 under DVAT Act, 2004) has been charged by the Company which is in contravention to Section 2 (I) (ZC) of DVAT Act, 2004. Accordingly, in our opinion, the Company has violated the provision of DVAT Act, 2004 including Section 18 for Registration, Section 4 of Rate of Tax and Section 26 for the Filing of DVAT Returns of the said act.
3. We further report that the Company is operating from the two premises-(1) Registered Office: 4th Floor, Sewa Bhawan, R. K. Puram, New Delhi and (2) Corporate Office: Hall No. 2, 3rd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi but the Company had registered only the R.K. Puram premise (Registered Office) with the Service Tax Authority. Most of the invoices for services rendered by the vendor to the Company are on the address of Corporate Office. The Company did not get register its Corporate Office address with the Service Tax Authority during the year but has taken CENVAT Credit on invoices with Corporate Office Address also which is in contravention to Rule 9 of CENVAT Credit Rules, 2004 and Rule 4A of Service Tax Rules, 1994.
4. Attention is invited to Note 21 forming part of financial statements (“Notes”) regarding the booking of income amounting to Rs. 7,15,30,515.00 as “Prior Period”. In our opinion and to the best of our knowledge, such Income is related to the Current Financial Year and should have been grouped under “Revenue from Operation” rather than treating it as “Prior Period Income”. As a result, the Revenue from Operations for the year ended 31st March, 2014 would have been Rs. 23,90,79,220.00 as against the reported Revenue from Operation of Rs. 16,75,48,705.00. The Prior Period Adjustment (Net) would have been an expense of Rs. 6,30,31,810.00 as against the reported income under Prior Period Adjustment (Net) of Rs. 84,98,705.00.

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 7 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) The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) From the examination of records, we found that no substantial parts of fixed assets have been disposed off during the year.
- (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 2 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 the 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) The Company has, not taken/granted unsecured loans covered under register maintained under section 30I of the Act. Hence provisions of paragraph 4(iii) of the order are not applicable to the Company.
- (iv) In our opinion and according to the informations and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company also involve the purchase and sale of goods as described in *paragraph 2 of Basis of Qualified Opinion Paragraph*. Except for the matters described in *paragraph 1 to 4 of Basis of Qualified Opinion Paragraph*, we have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not made any contract or arrangement referred to in section 30I of the Act. Hence provisions of paragraph 4(v) of the order are not applicable to the Company.
- (vi) The Company has not accepted deposits from the public hence the paragraph 4 (vi) of the order is not applicable to the Company.
- (vii) The Company *has not an adequate internal audit system* commensurate with its size and nature of its business.

- (viii) The provisions requiring maintenance of cost records as prescribed by the Central Government under paragraph (d) of sub-section (I) of section 209 of the Act are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, 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 and 3 of Basis of Qualified Opinion Paragraph.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2014 for a period of more than six months from the date they became payable except for the matters described in paragraph 2 and 3 of Basis of Qualified Opinion Paragraph.
- (c) As per records of the Company there are no disputed amounts payable as at 31st March 2014 in respect of income tax, wealth tax, service tax, sales tax, custom duty and excise duty etc.
- (x) The Company has not been registered for a period of more than five years. Hence provisions of paragraph 4(x) of the order are not applicable to the Company.
- (xi) The provisions requiring that, whether the Company has defaulted in repayment of dues to a financial institution or bank or debenture holders, are not applicable to the Company.
- (xii) The provisions requiring that, whether adequate documents and records are maintained, in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, are not applicable to the Company.
- (xiii) The provisions requiring that, whether the provisions of any special statute applicable to chit fund have been duly complied with, are not applicable to the Company. Since the Company is not a nidhi/mutual benefit fund/societies, the provisions of paragraph 4(xiii) (a) to (d) are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments as stock in trade but for investment purpose. Hence the provisions of paragraph 4(xiv) are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions hence the provisions requiring whether the terms and conditions whereof are prejudicial to the interest of the Company, are not applicable to the Company.
- (xvi) Since the Company has not taken any term loan, the provisions requiring that, whether term loans were applied for the purpose for which the loans were obtained, are not applicable to the Company.

- (xvii) Since the Company has not taken any loan. Hence, the provisions requiring that, whether the funds raised on short-term basis have been used for long term investment and vice-versa, are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly the provisions requiring that, the price at which shares have been issued is prejudicial to the interest of the Company are not applicable to the Company.
- (xix) Since the Company has not issued any debentures up to 31st March, 2014, the provisions requiring that, whether securities have been created in respect of debentures issued, are not applicable to the Company.
- (xx) As no public issue has been made by the Company during the year, the provisions requiring that, whether the management has disclosed on the end use of money raised by public issues and the same has been verified are not applicable to the Company.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of audit.

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

Chartered Accountants
FRN.613916N

A handwritten signature in black ink, appearing to read 'Gopal Kedia', is written over a horizontal line.

Gopal Kumar Kedia
M.No.- 054629
Partner

Place : New Delhi
Date : 27.09.2014

ADDENDUM

Management Reply to Statutory Auditor's Report for the Financial Year 2013-14

Sl. No	Auditor's	Management Reply
I	<p>Attention is invited to Note 8 (C) and Note No. I (iii) forming part of financial statements ("Notes") regarding the capitalization of expenditures incurred on Projects Under Construction amounting to Rs. 63,91,908.00 for which no final agreement has been made except the agreement for preparing Detailed Project Report (DPR). Since no asset has been acquired or created that can be recognized, hence in our opinion, this treatment is not in accordance with the generally accepted accounting standards prevalent in India and ought to have been recognized in the Statement of Profit and Loss as and when incurred. Para 56 of Accounting Standard 26 "Intangible Asset" states that "in some cases, expenditure is incurred to provide future economic benefits to an enterprise, but no intangible asset or other asset is acquired or created that can be recognized. In these cases, the expenditure is recognized as an expense when it is incurred." As result, the working results for the year ended 31st March, 2014 would have been a profit of Rs. 60,78,551.00 as against the reported profit of Rs. 1,02,97,850-00. The Income tax Expense would have been Rs. 3,60,09,779.00 as against the reported income tax Expense of Rs. 3,81,82,388.00</p>	<p>As per Accounting Policies of EESL,</p> <p>"Project Development Cost incurred on 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.</p> <p>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 directly related to implementation of projects, incurred up to the date when the asset is ready for its intended use. If the ESCO Model Energy Efficiency project doesn't materialize, then the expenditure incurred in respect of the same will be charged to Statement of Profit and Loss in that year".</p> <p>Based on the above accounting policy, we are recognizing the expenses as CWIP which are directly related to implementation of ESCO projects, incurred up to the date when the asset is ready for its intended use. We are capitalizing the expenses only in those cases where EESL got the pilot projects from the party on the condition that final project will be given on the successful completion of the pilot project. Further it is already mention in the accounting policy that if the project doesn't materialize, then the expenditure incurred will be charged to Statement of Profit and Loss in that year.</p> <p>As mentioned by the auditor, Para 56 of Accounting Standard 26</p>

The agreement for the approval approval of the projects' initiation have not been obtained by the Company till our audit completion.

"In some cases, expenditure is incurred to provide future economic benefits to an enterprise, but no intangible asset or other asset is acquired or created that can be recognized. In these cases, the expenditure is recognized as an expense when it is incurred.

In this regard, it is submitted that the objective of Accounting Standard-26 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Accounting Standard. This Standard requires an enterprise to recognize an intangible asset if, and only if, certain criteria are met.

Further from para 56 of Accounting standard-26, it is concluded that in those cases where no intangible asset or other asset is acquired or created that can be recognized, expenditure should be charged to profit & loss account. However in the case of EESL, we are generating the tangible assets and on tangible assets provisions of AS-10 is applicable.

In Accounting Standard-10 (Accounting of Fixed Assets), the component of cost in fixed assets has been defined as under:

"The cost of an item of fixed assets comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Administrative and other general overhead expenses are usually excluded from the cost of fixed assets because they do not relate to a specified fixed asset. However, in some circumstances, such expenses as are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition, may be included as part of the cost of the construction project or as a part of the fixed asset"

While developing the ESCO projects, we are transferring all expenses in the cost of fixed assets which are directly related to bringing the asset to its working condition. It includes material cost as well as administrative & other general overhead like tour & travelling expenses, consultancy expenses etc which are directly related to implementation of these projects.

Hence, the treatment made by EESL, as per AS-10, is correct

2

We further report that the Company has raised invoices for supply of “LED Based Solar Lighting Systems” amounting to Rs. 7,35,82,203.00 as per individual agreements with the parties but no Value Added Tax (at the rate of 5% amounting to Rs. 36,79,110.00 under DVAT Act, 2004) has been charged by the Company which is in contravention to Section 2 (I) (ZC) of DVAT Act, 2004. Accordingly, in our opinion, the Company has violated the provision of DVAT Act, 2004 including Section 18 for Registration, Section 4 of Rate of Tax and Section 26 for the Filing of DVAT Returns of the said act

KBSL is providing consultancy services in the field of energy efficiency, CUM projects which include implementation of Corporate Social Responsibility (CSR) & 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.

EESL is not in the business sale, purchase of any equipment while implementing CSR projects. EESL is simply undertaking this activity as it was worked on behalf of PSU clients.

As per the legal position regarding transactions that are covered under the ambit of effect, the following tests are prescribed.

- Goods must be movables, i.e. immovable property is outside the scope of VAT
- There must be transfer, supply or delivery of goods
- The goods must be delivered for cash, deferred payment or any other valuable consideration

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:

- a) Consultancy work to identify locations for installation
- b) Procurement and installation of equipments as required under the CSR project.
- c) Maintain those projects for a specified period.

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 actual by clients PSU. There is no procurement that is done by EESL using the resources and then transferring to PSU. The MOU clearly outlines this in form

		<p>a graded payment for the payment. 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. 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>Hence, the treatment made by EESL is correct.</p>
3	<p>We further report that the Company is operating from the two premises-(1) Registered Office: 4th Floor, Sewa Bhawan, R.K. Puram, New Delhi and (2) Corporate Office: Hall No.2, 3rd floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi, but the Company had registered only the R.K. Puram premise (Registered Office) with the Service Tax Authority. Most of the invoices for services rendered by the vendor to the Company are on the address of Corporate Office. The Company did not get register its Corporate Office address with the Service Tax Authority during the year but has taken CENVAT Credit on invoices with Corporate Office Address also which is in contravention to Rule 9 of CENVAT Credit Rules, 2004 and Rule 4A of Service Tax Rules, 1994.</p>	<p>We applied with Service Tax Department for making amendment in Service Tax registration to give the effect for conversion from single registration to Centralized registration w.e.f. 1st April, 2013 on 25.6.2014 and the same is amended by the Service Tax Department. Hence, EESL has correctly claimed the cenvat credit under Service Tax Act.</p> <p>The necessary documents pertaining to amendment in service tax registration have been provided to Statutory auditor for their information.</p> <p>Similar issue has already been decided by the CESTAT, Principal Bench, New Delhi (Court No. 2) in final order No.' ST/25/2008-(PB). dated 31.1.2008 in Appeal No. ST/66/2006.</p>
4	<p>Attention is invited to Note 21 forming part of financial statements ("Notes") regarding the booking of income amounting to Rs. 7,15,30,515.00 as "Prior Period". In our opinion and to the best of our knowledge, such Income is related to the Current Financial Year and should have been</p>	<p>The company has entered into an agreement dated 25.11.2010 with Bureau of Energy Efficiency (BEE) in which BEE appointed EESL as consultant for Baseline Energy Audit for Designated Consumers and other related activities under PAT scheme of BEE.</p>

<p>grouped under “Revenue from Operation” rather than treating it as “Prior Period Income”.As a result, the Revenue from Operations for the year ended 31st March, 2014 would have been Rs. 23,90,79,220.00 as against the reported Revenue from Operation of Rs. 16,75,48,705.00.The Prior Period Adjustment (Net) would have been an expense of Rs. 6,30,31,810.00 as against the reported income under Prior Period Adjustment (Net) of Rs. 84,98,705.00.</p>	<p>EESL has outsourced the entire work of PAT scheme with the approval of BEE. As per the terms of agreement, EESL was entitled to get reimbursement for all the expenditure incurred by it and shall be paid 12% over and above the actual reimbursement as service charge</p> <p>During the financial year 2013-14, it has been noticed by Internal Auditor that certain expenses amounting to Rs. 6,30,31,810/- of PAT Scheme Project pertain to FY 2012-13 since the invoices for the same has been raised during the FY 2012-13.</p> <p>As per the accounting policy for financial year 2012-13 in respect of Revenue recognition and Expenditure, the income from consultancy contracts is accounted for based on the progress of services rendered and expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.</p> <p>Since expenses of Rs. 6,30,31,810/-, pertaining to baseline energy audit of designated consumers conducted by vendors of EESL, incurred in FY 2012-13. these expenses as well as corresponding income based on the service rendered should have been booked in FY 2013-14 as prior-period expenses and prior-period income respectively as per the matching concept of accounting.</p> <p>Hence, treatment made by HKSL is correct.</p>
<p>Annexure to the Auditor's Reports</p> <p>The company has not an adequate internal audit system commensurate with its size and nature of its business.</p>	<p>ESSL Appointed M/s Ajay Agarwal & Co. Chartered Accountants as the internal auditor for the FY 2013-14. M/s Ajay Aggarwal & Co conducted the internal audit of BESL in two phases (i) April to September 2013 & (ii) October to March 2014. They have given the internal audit report for both the phases and copies of the report have been provided to Statutory Auditors also. During the audit, Internal Auditor has substantially checked vouchers, contract/project files, internal control and other HR/administrative issues.The petty queries related to accounts were sorted out during the audit and the same is not reported in their audit report.</p> <p>Hence based on the above, it can be concluded that observation of the statutory audit that the Company does not have an adequate internal audit system commensurate with its size and nature of its business is not correct.</p>

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ENERGY EFFICIENCY SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH 2014

The preparation of financial statements of Energy Efficiency Services Limited for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 September 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Energy Efficiency Services Limited for the year ended 31st March 2014. The supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors 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 matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:

I. Independent Auditor's Report

A reference is invited to the Point No.4 under 'Basis of Qualified Opinion' of the Independent Auditor's Report dated 27th September 2014 which reads as "Attention is invited to Note 21 forming part of financial statements ("Notes") regarding the booking of income amounting to Rs. 7,15,30,515.00 as "Prior Period". In our opinion and to the best of our knowledge, such income is related to the Current Financial Year and should have been grouped under "Revenue from Operation" rather than treating it as "Prior Period Income". As a result, the Revenue from Operations for the year ended 31st March, 2014 would have been Rs. 23,90,79,220.00 as against the reported Revenue from Operation of Rs. 6,75,48,705.00. The Prior Period Adjustment (Net) would have been an expense of Rs. 6,30,31,810.00 as against the reported income under Prior Period Adjustment (Net) of Rs. 84,98,705.00".

The above qualification is incorrect. As per agreement of the Company with Bureau of Energy Efficiency (BEE), final payment of 30% under Proform-Achieve-Trade scheme was payable by BEE to the Company upon acceptance of Company's reports for the baseline energy audit of designated consumers. Since the income of Rs. 7.15 crore were related to the reports accepted by BEE till 31st March 2013, the income should have been booked in 2012-13 itself. As, the Company omitted to recognize this income in 2012-13, the income has now been rightly booked as prior period income in 2013-14.

II Notes to Accounts

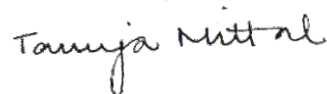
Contingent Liabilities & Capital Commitment (Note No.27)

Commitment - Rs. 2073.61 Lakh

The above includes the Capital commitment of ₹1965.61 lakh towards the contract awarded to M/s Eco Lite Technologies (vendor) for manufacturing, supply and distribution of 7,35,000 LHD lamp @ Rs. 310A per lamp for Company's DSM-based Efficient Lighting Programme project at Puducherry.

As per terms and condition of LUA, an amount of Rs.10/- per LED lamp would be collected by the vendor from consumer at the time of distribution of LED lamp to the household consumer. Thus, the Company should not have recognized the amount of Rs.73.50 lakh (Rs.10 x 735000 lamps) in its accounts as Capital Commitment, which resulted into overstatement of Capital Commitment by Rs.73.50 lakh.

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

A handwritten signature in black ink, reading 'Tanuja S. Mittal'.

(Tanuja S. Mittal)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - III,
New Delhi

Dated : 26th December 2014

Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ENERGY EFFICIENCY SERVICES LIMITED FOR THE YEAR UNDER 31st MARCH 2014

The preparation of financial statements of Energy Efficiency Services Limited for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27th September 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Energy Efficiency Services Limited for the year ended 31st March 2014. The supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors 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 matters under Section 619(4) of the Companies Act, 1956, which have come to my attention and which in my view, are necessary for enabling a better understanding of the financial statements and the related Audit Report:

	Comments	Management's Reply
I.	<p>Independent Auditor's Report</p> <p>A reference is invited to the Point No.4 under 'Basis of Qualified Opinion' of the Independent Auditor's Report dated 27th September 2014 which reads as "Attention is invited to Note 21 forming part of financial statements ("Notes) regarding the booking of income amounting to Rs. 7,15,30,515.00 as "Prior Period". In our opinion and to the best of our knowledge, such income is related to the Current Financial Year and should have been grouped under "Revenue from Operation" rather than treating it as "Prior Period Income". As a result, the Revenue from Operations for the year ended 31st March-2014 would have been Rs. 23,90,79,22.00 as against the reported Revenue from Operation of Rs, 16,75,48,705.00. The Prior Period Adjustment (Net) would have been an expense of Rs. 6,30,31,810.00 as against the reported income under Prior Period Adjustment (Net) of Rs. 84,98,705.00".</p>	<p>The company is in agreement with CAG Observations and no comment to offer on the same.</p>

	<p>The above qualification is incorrect. As per agreement of the Company with Bureau of Energy Efficiency (BEE), final payment of 30% under Perform-Achieve-Trade scheme was payable by BEE to the Company upon acceptance of Company's reports for the baseline energy audit of designated consumers. Since the income of Rs. 7.15 crore were related to the reports accepted by BEE till 31st March 2013, the income should have been booked in 2012-13 itself. As, the Company omitted to recognize this income in 2012-13, the income has now been rightly booked as prior period income in 2013-14.</p>	
II	<p>Notes to Accounts Contingent Liabilities & Capital Commitment (Note No.27)</p> <p>Commitment- Rs. 2073.61 Lakh The above includes the Capital commitment of Rs. 1965.61 lakh towards the contract awarded to M/s Eco Lite Technologies (vendor) for manufacturing, supply and distribution of 7,35,000 LED lamp @ Rs. 310 per lamp for Company's DSM-based Efficient Lighting Programme project at Puducherry.</p> <p>As per terms and condition of LCA as amount of Rs. 10/- per LED lamp would be collected by the vendor from consumer at the time of distribution of LED lamp to the household consumer. Thus, the Company should not have recognized the amount of Rs. 73.50 lakh (Rs. 10 X 735000 lamps) in its accounts as Capital Commitment, which resulted into overstatement of Capital Commitment by Rs. 73.50 lakh.</p>	<p>While making the calculation for capital commitment, the company considered the cost of LED bulbs @ Rs. 310 per bulb. However inadvertently the collection of Rs. 107- for each bulb from the customers was not deducted from the cost of each bulb.</p> <p>The observation of CAG has been noted and due care shall be taken to avoid its recurrence in future.</p>

Place: New Delhi

Dated: 26th December 2014

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

Tanuja Mittal

(Tanuja S. Mittal)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - III,
New Delhi

गोपनीय

Annexure - II

संख्या/No.MAB-III/Rep/01-85/Acs-EESL/2014-15/Vol.II/1602

भारतीय लेखा एवं लेखा परीक्षा 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

सत्यमेव जयते

सेवा में,

प्रबंध निदेशक,

एनर्जी एफिशिएंसी सर्विसेज लिमिटेड,

नई दिल्ली।

विषय: 31 मार्च 2014 को समाप्त वर्ष के लिये एनर्जी एफिशिएंसी सर्विसेज लिमिटेड, के वार्षिक लेखाओं पर कंपनी अधिनियम 1956 की धारा 619(4) के अन्तर्गत भारत के नियंत्रक—महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

मैं, एनर्जी एफिशिएंसी सर्विसेज लिमिटेड के 31 मार्च 2014 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 1956 की धारा 619(4) के अंतर्गत भारत के नियंत्रक—महालेखापरीक्षक की टिप्पणियाँ अग्रेषित 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, एनेक्सी बिल्डिंग, 10, बहादुरशाह ज़फर मार्ग, नई दिल्ली — 110002
6th & 7th floor, Annexe Building, 10, Bahadurshah Zafar Marg, New Delhi - 110 002
Ph. 011-2329227, Fax: 011-23239211, Email: mabnewdelhi3@cag.gov.in

ENERGY EFFICIENCY SERVICES LIMITED
BALANCE SHEET AS AT 31.03.2014

		As at 31.03.2014	(Amount in `) As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	900,000,000.00	900,000,000.00
(b) Reserves and Surplus	3	145,585,928.00	135,288,078.00
		1,045,585,928.00	1,035,288,078.00
(2) Non-current liabilities			
(a) Long-term provisions	4	3,996,656.00	836,580.00
		3,996,656.00	836,580.00
(3) Current liabilities			
(a) Trade payables	5	34,475,211.00	4,095,781.00
(b) Other current liabilities	6	135,293,250.00	21,452,404.00
(c) Short-term provisions	7	38,182,388.00	31,039,990.00
		207,950,849.00	56,588,175.00
TOTAL		1,257,533,433.00	1,092,712,833.00
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		14,958,344.00	1,823,135.00
(ii) Intangible assets		195,389.00	179,450.00
(iii) Capital Work in progress		32,663,707.00	0.00
(b) Deferred tax Asset (Net)	9	661,841.00	284,090.00
(c) Long-term loans and advances	10	30,482,404.00	7,850,369.00
		78,961,685.00	10,137,044.00
(2) Current assets			
(a) Trade receivables	11	57,593,391.00	5,855,080.00
(b) Cash and bank balances	12	1,089,291,038.00	1,034,341,341.00
(c) Short-term loans and advances	13	25,497,603.00	39,115,029.00
(d) Other current assets	14	6,189,716.00	3,264,339.00
		1,178,571,748.00	1,082,575,789.00
TOTAL		1,257,533,433.00	1,092,712,833.00

Significant accounting policies

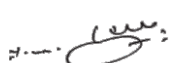
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Notes on Financial Statements

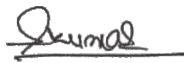
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As per our audit report of even
date annexed

For and on behalf of the Board of Directors



Prakash Thakkar
Chairman & Director



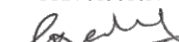
Saurabh Kumar
Managing Director



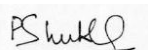
Sameer Agarwal
Chief Financial Officer

For G. K. Kedia & Co.

Chartered Accountants
FRN 013016N



Gopal Kumar Kedia
Partner
M. No. 054629



Pooja Shukla
Company Secretary

Place : New Delhi

Date : 27-9-2014

ENERGY EFFICIENCY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

		(Amount in `)		
Particulars		Year Ended 31.03.2014	Year Ended 31.03.2013	
I	Revenue from operations	15	167,548,705.00	148,122,354.00
II	Other income	16	96,715,772.00	115,271,001.00
III	Total revenue (I+II)		264,264,477.00	263,393,355.00
IV	<u>EXPENSES</u>			
	Project Expenses	17	130,645,600.00	103,608,729.00
	Employee benefits expense	18	35,659,531.00	25,264,001.00
	Finance costs	19	135,742.00	169,502.00
	Depreciation and amortization expense	8	2,387,166.00	1,554,166.00
	Other expenses	20	55,832,656.00	38,629,684.00
	Total expenses		224,660,695.00	169,226,082.00
V	Profit before prior period items and Tax (III-IV)		39,603,782.00	94,167,273.00
VI	Prior Period Adjustments (Net)	21	(8,498,705.00)	2,890.00
VII	Profit before tax (V-VI)		48,102,487.00	94,164,383.00
VIII	Tax expense:			
	Current Tax		38,182,388.00	31,039,990.00
	Earlier Year Tax		0.00	(1,963.00)
	Deferred tax		(377,751.00)	(308,655.00)
			37,804,637.00	30,729,372.00
IX	Profit for the period (VII-VIII)		10,297,850.00	63,435,011.00
X	Earnings per equity share (Par value of ` 10/- each)			
	(1) Basic		0.11	16.11
	(2) Diluted		0.11	0.64

Significant Accounting policies

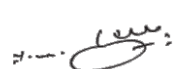
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Notes to Financial Statements

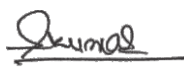
2 to 36

As per our audit report of even
date annexed with balance sheet

For and on behalf of the Board of Directors



Prakash Thakkar
Chairman & Director



Saurabh Kumar
Managing Director



Sameer Agarwal
Chief Financial Officer

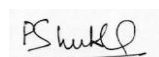
For G. K. Kedia & Co.

Chartered Accountants

FRN 013016N



Gopal Kumar Kedia
Partner
M. No. 054629



Pooja Shukla
Company Secretary

Place : New Delhi

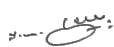
Date :

ENERGY EFFICIENCY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

	(Amount in `)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	48,102,487.00	94,164,383.00
Adjustment for:-		
Depreciation and amortisation	2,387,166.00	1,554,166.00
Interest Income	(95,910,610.00)	(115,030,303.00)
Provision for Leave Encashment	2,495,378.00	836,580.00
Provision for gratuity	664,698.00	0.00
Finance cost	135,742.00	169,502.00
Operating Profit Before Working Capital Changes	(42,125,139.00)	(18,305,672.00)
CHANGE IN WORKING CAPITAL		
INCREASE/(DECREASE) IN		
Sundry Debtors	(51,738,311.00)	(83,962,567.00)
Long term Loans & Advance	(651,495.00)	(7,842,369.00)
Short term Loans & Advance	3,130,077.00	(5,624,109.00)
Other current assets		1,996,081.00
	(52,185,106.00)	(95,432,964.00)
INCREASE/(DECREASE) IN		
Liabilities for Expenses	2,469,021.00	(39,930.00)
Trade Payable	30,379,430.00	(591,350.00)
BEE	43,009,084.00	(25,884,452.00)
Advance Received under Bidding Processing Fees	3,156,400.00	(1,074,000.00)
Advance Received against Project	1,016,175.00	(7,442,457.00)
TDS Payable	(193,004.00)	(5,178,014.00)
Retention Money	41,385.00	89,228.00
PAT Project scheme	(11,504,826.00)	11,504,826.00
Service Tax Payable	127,369.00	(12,216,851.00)
EPF Payable	308,122.00	0.00
Provision for Expenses Payable	75,276,834.00	(196,559.00)
Liquidated Damages	134,286.00	0.00
Advance Tax & TDS	10,487,349.00	0.00
	154,707,625.00	(41,029,559.00)
INCOME TAX PAID	(31,039,990.00)	(33,972,644.00)
NET CASH FROM OPERATING ACTIVITIES	29,357,390.00	(188,740,839.00)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(15,538,314.00)	(3,375.00)
Capital Work in progress	(32,663,707.00)	0.00
Interest Income	95,910,610.00	115,030,303.00
Fixed Deposit Matured during the year	1,016,265,753.00	1,064,413,699.00
Fixed Deposit Made during the year	(975,030,000.00)	(1,016,265,753.00)
Capital advances	(21,980,540.00)	0.00
NET CASH USED IN INVESTING ACTIVITIES	66,963,802.00	163,174,874.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
Refund of Share Application Money	0.00	(100,000,000.00)
Bank Loan taken	0.00	20,761,000.00
Bank Loan repaid	0.00	(20,761,000.00)
Finance Cost	(135,742.00)	(169,502.00)
NET CASH FROM FINANCING ACTIVITIES	(135,742.00)	(100,169,502.00)
D. Net Change in Cash & Cash Equivalents (A+B+C)	96,185,450.00	(125,735,467.00)
E. Cash & Cash Equivalents (Opening Balance 1st April of Financial Year)	18,075,588.00	143,791,055.00
F. Cash & Cash Equivalents (Closing Balance) (D+E)	114,261,038.00	18,055,588.00
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-12.		
<u>Components of Cash and Cash Equivalents</u>		
Cash in hand- Imprest	37,500.00	20,000.00
Current accounts with banks	114,223,538.00	18,055,588.00
	114,261,038.00	18,075,588.00

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

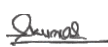
For and on behalf of the Board of Directors



Prakash Thakkar
Chairman & Director



Pooja Shukla
Company Secretary



Saurabh Kumar
Managing Director



Sameer Agarwal
Chief Financial Officer

As per our audit report of even
date annexed

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



Gopal Kumar Kedia
Partner
M. No. 054629

Place : New Delhi
Date :

ENERGY EFFICIENCY SERVICES LIMITED

NOTES TO ACCOUNTS

NOTE I:

SIGNIFICANT ACCOUNTING POLICIES :

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 the Companies (Accounting Standards) Rules, 2006 (as amended and which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Companies Act, 1956. 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 future years.

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 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 directly related to implementation of projects, incurred up to the date when the asset is ready for its intended use. If the ESCO Model Energy Efficiency project doesn't materialize, then the expenditure incurred in respect of the same will be charged to Statement of Profit and Loss in that year.

Depreciation on ESCO Model Energy Efficiency Projects has been provided on straight line method based on the tenure of project.

Depreciation on other fixed assets is computed on Straight Line Method as per rates in accordance with Schedule XIV of the Companies Act, 1956 and on the pro-rata basis with respect to the date of addition, items of Fixed Assets acquired during the year costing upto Rs. 5,000/- are fully depreciated. However, in view of useful life of assets as mentioned in below table, higher depreciation rates have been considered as per details given below:

Nature of Assets	Depreciation Rate
Cell Phones	33.33%
Refrigerator	15.00%
APWireless	15.00%
Camera Sony	15.00%
LCD TV	15.00%
Computers, Laptops & other accessories	30.00%
Software	33.33%
Air Conditioner	15.00%
Fax Machine (ClvO Secretariat & General)	15.00%
Digital Lux Meier	15.00%
Krykard Portable Lead Manager	15.00%
Heater (Oil Filled)	33.33%
Flow meter, Hygrometer & Manometer	25.00%
Power Analyzer	25.00%
CCTV	33.33%
TataSKy	33.33%
Projector with Screen	20.00%
Canon Photo Copier	20.00%
Heater	20.00%
NAS for data backup	20.00%

iv. Foreign Currency Transactions

- i. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- ii. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- iii. Other exchange differences are recognized as income or expense in the year in which they arise.

v. Taxes on Income:

- i. 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.
- ii. 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.

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.

vi. Revenue Recognition and Expenditure:

- i. Incomes from ESCO Model Energy Efficiency Projects are accounted for on accrual basis.
- ii. Income from consultancy contracts are accounted for based on progress of services rendered.
- iii. Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.
- iv. Expenses on consultancy contract are accounted for proportionate to income accounted for based on progress of service rendered on that contract.

vii. 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.

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 benefit (including compensated absences) and half-pay leave 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 it 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.

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. Provision

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

x. Cash flow statement

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



ENERGY EFFICIENCY SERVICES LIMITED
NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2014

	As at 31.03.2014	(Amount in `) As at 31.03.2013
NOTE 2:		
SHARE CAPITAL		
Equity Share Capital		
AUTHORIZED		
19,00,00,000 (19,00,00,000) shares of par value of ` 10/- (` 10/-) each	<u>1,900,000,000.00</u>	<u>1,900,000,000.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
9,00,00,000 (9,00,00,000) Shares of par value of ` 10/- (` 10/-) each	<u>900,000,000.00</u>	<u>900,000,000.00</u>
	<u>900,000,000.00</u>	<u>900,000,000.00</u>

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

Equity Shares	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the Year	90,000,000.00	900,000,000.00	2,500,000.00	25,000,000.00
Add: Shares Issued during the FY	0.00	0.00	87,500,000.00	875,000,000.00
Shares Outstanding at the end of the Year	90,000,000.00	900,000,000.00	90,000,000.00	900,000,000.00

(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, 2014		As at 31st March, 2013	
	Number	% holding in the class	Number	% holding in the class
NTPC Limited	22,500,000	25%	22,500,000	25%
Powergrid Corporation of India Limited	22,500,000	25%	22,500,000	25%
Rural Electrification Corporation Limited	22,500,000	25%	22,500,000	25%
Power Finance Corporation Limited	22,500,000	25%	22,500,000	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.

(e) Equity share capital is unutilised as on 31/03/2014 and invested in Term deposit with Bank.

ENERGY EFFICIENCY SERVICES LIMITED
NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2014

	(Amount in `)	
	As at 31.03.2014	As at 31.03.2013
NOTE 3:		
RESERVES & SURPLUS		
Opening balance	135,288,078.00	71,853,067.00
Add: Profit/(loss) for the year	10,297,850.00	63,435,011.00
	145,585,928.00	135,288,078.00
NOTE 4:		
LONG-TERM PROVISIONS		
<i>Provision for Employee benefits (Leave Encashment)</i>		
Opening Balance	836,580.00	0.00
Additions during the year	2,495,378.00	836,580.00
Less: Set off against paid during the year	0.00	0.00
Closing balance (A)	3,331,958.00	836,580.00
<i>Provision for Employee benefits (Gratuity)</i>		
Opening Balance	0.00	0.00
Additions during the year	664,698.00	0.00
Less: Set off against paid during the year	0.00	0.00
Closing balance (B)	664,698.00	0.00
(A+B)	3,996,656.00	836,580.00
NOTE 5:		
TRADE PAYABLES		
Sundry Creditors	34,475,211.00	4,095,781.00
	34,475,211.00	4,095,781.00
NOTE 6:		
OTHER CURRENT LIABILITIES		
Liabilities for Expenses	5,923,924.00	3,454,903.00
Retention Money	499,047.00	457,662.00
Earnest Money Deposit	3,642,400.00	486,000.00
Service tax payable	127,369.00	0.00
TDS Payable	2,151,747.00	2,344,751.00
EPF Payable	488,792.00	180,670.00
Provision for Expenses Payable	75,505,080.00	228,246.00
Liquidated Damages	134,286.00	0.00
Advance Received against Project	2,919,990.00	1,903,815.00
Advance Received from Bureau of Energy Efficiency	43,900,615.00	891,531.00
PAT PROJECT Scheme	0.00	11,504,826.00
	135,293,250.00	21,452,404.00
NOTE 7:		
SHORT TERM PROVISIONS		
<i>Provision for Income Tax</i>		
Opening Balance	31,039,990.00	26,068,637.00
Additions during the year	38,182,388.00	31,039,990.00
Less: Set off against taxes paid	31,039,990.00	26,068,637.00
Closing balance	38,182,388.00	31,039,990.00
NOTE 9:		
DEFERRED TAX ASSETS (NET)		
<i>Deferred tax assets</i>		
Preliminary Expenses	0.00	50,532.00
Provision for Gravity	51,761	0.00
Provision for Leave Encashment	895,301	271,428.00
Gross deferred tax assets	947,062.00	321,960.00
<i>Deferred tax liability</i>		
Difference of book depreciation and tax depreciation	285,221.00	37,870.00
Gross deferred tax liability	285,221.00	37,870.00
Net Deferred Tax Asset	661,841.00	284,090.00

ENERGY EFFICIENCY SERVICES LIMITED
NOTE FORMING PART OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-3-2014

NOTE 8:

(A) TANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	AS ON 01.04.2013	ADDITION	SALE/ ADJ.	AS ON 31.03.2014	FOR THE YEAR 01.04.2013	UPTO 31.03.2014	AS ON 31.03.2014 AS ON 31.03.2013
AGRICULTURE PUMPS	0.00	10,427,868.00	0.00	10,427,868.00	0.00	639,873.00	9,787,995.00
CELL PHONES	312,415.00	256,075.00	0.00	568,490.00	245,817.00	334,598.00	233,892.00
EQUIPMENT	1,066,945.00	518,728.00	0.00	1,585,673.00	345,346.00	590,233.00	995,440.00
FURNITURE & FITTING	92,195.00	105,202.00	0.00	197,397.00	9,802.00	19,115.00	178,282.00
COMPUTERS	3,202,979.00	4,015,299.00	0.00	7,218,278.00	2,250,434.00	3,455,543.00	3,762,735.00
TOTAL	4,674,534.00	15,323,172.00	0.00	19,997,706.00	2,851,399.00	5,039,362.00	14,958,344.00
PREVIOUS YEAR	4,671,159.00	3,375.00	0.00	4,674,534.00	1,564,126.00	2,851,399.00	1,823,135.00

(B) INTANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK			AMORTIZATION		NET BLOCK	
	AS ON 01.04.2013	ADDITION	SALE/ ADJ.	AS ON 31.03.2014	FOR THE YEAR 01.04.2013	UPTO 31.03.2014	AS ON 31.03.2014 AS ON 31.03.2013
SOFTWARE	800,761.00	215,142.00	0.00	1,015,903.00	621,311.00	820,514.00	195,389.00
TOTAL	800,761.00	215,142.00	0.00	1,015,903.00	621,311.00	820,514.00	195,389.00
PREVIOUS YEAR	800,761.00	0.00	0.00	800,761.00	354,418.00	621,311.00	179,450.00

(C) CAPITAL WORK IN PROGRESS

DESCRIPTION	GROSS BLOCK			AMORTIZATION		NET BLOCK	
	AS ON 01.04.2013	ADDITION	SALE/ ADJ.	AS ON 31.03.2014	FOR THE YEAR 01.04.2013	UPTO 31.03.2014	AS ON 31.03.2014 AS ON 31.03.2013
Capital Work in progress DELP Project -Puducherry Project under construction	0.00	26,271,799.00	0.00	26,271,799.00	0.00	0.00	26,271,799.00
	0.00	6,391,908.00	0.00	6,391,908.00	0.00	0.00	6,391,908.00
TOTAL	0.00	32,663,707.00	0.00	32,663,707.00	0.00	0.00	32,663,707.00
PREVIOUS YEAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Grand Total (A+B+C)	5,475,295.00	48,202,021.00	0.00	53,677,316.00	3,472,710.00	63,756,003.00	47,817,440.00
Previous year	5,471,920.00	3,375.00	0.00	5,475,295.00	1,918,544.00	3,472,710.00	2,002,585.00

Charged to Statement of Profit & Loss

31.03.2014	31.03.2013
23,87,166.00	15,54,166.00
23,87,166.00	15,54,166.00

ENERGY EFFICIENCY SERVICES LIMITED
NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2014

	As at 31.03.2014	(Amount in `) As at 31.03.2013
NOTE 10:		
LONG TERM LOANS & ADVANCES		
Security Deposit	2,225,797.00	1,968,592.00
Advance Rent- (IWAI)	5,881,777.00	5,881,777.00
Conveyance Advance (Managing Director)	394,290.00	0.00
Advance (Eco lite technologies)	8,980,540.00	0.00
Advance (Rites)	13,000,000.00	0.00
	30,482,404.00	7,850,369.00
Sub Classification of above:		
Secured (Considered good)		
Conveyance Advance (Managing Director)	394,290.00	0.00
(A)	394,290.00	0.00
Unsecured (Considered good)		
Security Deposit	2,225,797.00	1,968,592.00
Advance Rent- (IWAI)	5,881,777.00	5,881,777.00
Advance (Eco lite technologies)	8,980,540.00	0.00
Advance (Rites)	13,000,000.00	0.00
(B)	30,088,114.00	7,850,369.00
(A+B)	30,482,404.00	7,850,369.00
Due from directors of the company (related Party)	394,290.00	0.00
NOTE 11:		
TRADE RECEIVABLES		
<i>Unsecured and considered good</i>		
For period exceeding six months	5,311,385.00	3,323,215.00
Others	52,282,006.00	2,531,865.00
	57,593,391.00	5,855,080.00
NOTE 12:		
CASH & BANK BALANCE		
A) CASH AND CASH EQUIVALENTS		
Balance with scheduled banks in current account	114,223,538.00	18,055,588.00
Cash in hand- Imprest	37,500.00	20,000.00
B) OTHER BANK BALANCES		
Balance with scheduled banks in FD account	975,030,000.00	1,016,265,753.00
	1,089,291,038.00	1,034,341,341.00
NOTE 13:		
SHORT TERM LOANS & ADVANCES		
Advance Tax & TDS	22,432,472.00	32,919,821.00
CENVAT Receivables	248,704.00	4,242.00
Conveyance Advance (Managing Director)	121,320.00	0.00
Service tax paid (Advance)	0.00	6,147,441.00
Prepaid membership fees	46,875.00	0.00
Prepaid Rent	70,000.00	0.00
Others	2,578,232.00	43,525.00
	25,497,603.00	39,115,029.00
Sub Classification of above:		
Secured (Considered good)		
Conveyance Advance (Managing Director)	121,320.00	0.00
(A)	121,320.00	0.00
Unsecured (Considered good)		
Advance Tax & TDS	22,432,472.00	32,919,821.00
CENVAT	248,704.00	4,242.00
Service tax paid (Advance)	0.00	6,147,441.00
Prepaid membership fees	46,875.00	0.00
Prepaid Rent	70,000.00	0.00
Others	2,578,232.00	43,525.00
(B)	25,376,283.00	39,115,029.00
(A+B)	25,497,603.00	39,115,029.00
Due from directors of the company (related Party)	121,320.00	0.00
NOTE 14:		
OTHER CURRENT ASSETS		
Interest Accrued but not due on Fixed Deposit with Bank	3,829,066.00	3,264,339.00
Accrued Income on advance to IWAI	514,158.00	0.00
Income tax refundable (12-13)	1,846,492.00	0.00
	6,189,716.00	3,264,339.00

ENERGY EFFICIENCY SERVICES LIMITED
NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

		(Amount in `)
	Year Ended 31.03.2014	Year Ended 31.03.2013
NOTE 15:		
REVENUE FROM OPERATION		
Project and Consultancy Income (EESL)	117,046,554.00	45,927,721.00
Consultancy Income (PAT)	45,387,182.00	96,791,412.00
Consultancy Income (S&L)	70,019.00	441,971.00
Monitoring, Evaluation & Testing Fees of Energy Efficiency Equipment	5,044,950.00	4,961,250.00
	167,548,705.00	148,122,354.00
NOTE 16:		
OTHER INCOME		
Tender document fees	568,075.00	85,000.00
Applicable net gain on foreign currency transactions and translation	3,799.00	0.00
Misc. Income	233,288.00	101,364.00
Notice Pay (Recovery)	0.00	54,334.00
Interest Income	95,910,610.00	115,030,303.00
	96,715,772.00	115,271,001.00
NOTE 17:		
PROJECT EXPENSES		
Project Expenses (EESL)	95,082,865.00	19,866,683.00
Project Expenses (PAT)	35,531,259.00	82,829,484.00
Project Expenses (S&L)	31,476.00	0.00
Monitoring, Evaluation & Testing Expenses of Energy Efficiency Equipment	0.00	912,562.00
	130,645,600.00	103,608,729.00
NOTE 18:		
EMPLOYEE BENEFITS EXPENSES		
Salary & Allowances	33,114,866.00	24,061,663.00
Gratuity Contribution	159,536.00	0.00
Employer Cont. to P.F	1,831,807.00	970,896.00
Staff Welfare Expenses	553,322.00	231,442.00
	35,659,531.00	25,264,001.00
NOTE 19:		
FINANCE COST		
Interest on Bank Loan	0.00	169,502.00
Guarantee Fees (KFW Loan)	135,742.00	0.00
	135,742.00	169,502.00

ENERGY EFFICIENCY SERVICES LIMITED
NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

	(Amount in `)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
NOTE 20:		
OTHER EXPENSES		
Rent	15,148,860.00	14,938,860.00
Technical & Consultancy Charges	10,792,589.00	12,461,781.00
Manpower Expenses	7,499,551.00	3,747,868.00
Tour & Traveling Expenses	5,048,218.00	2,045,352.00
Conveyance Expenses	3,051,724.00	676,900.00
Advertisement & Publicity Expenses	2,588,340.00	1,145,223.00
Printing & Stationery Expenses	2,093,669.00	398,511.00
Electricity Expenses	1,176,890.00	988,490.00
Meeting Expense/Hospitality Expenses	1,057,096.00	254,803.00
Legal Fees & Professional Charges	1,045,177.00	272,161.00
Repair & Maintenance Expenses	646,512.00	224,513.00
Internet Expenses	613,718.00	323,839.00
Participation Fee (NCYM)	187,900.00	19,000.00
Generator Expense	250,404.00	216,404.00
Telephone Expenses	280,228.00	231,556.00
Postage & Courier	219,700.00	97,538.00
Parking Charges	226,059.00	78,126.00
Website Expenses	115,900.00	85,899.00
Internal Audit Fees	45,000.00	25,000.00
<i>Payment to Auditor</i>		
Audit fee	75,000.00	31,000.00
Tax Audit fee	25,000.00	15,000.00
Membership fees	39,925.00	0.00
ROC Fee	7,900.00	49,100.00
Office Expenses	17,800.00	0.00
Commission	105,350.00	0.00
Misc. Expenses	45,901.00	9,883.00
Out of pocket expenses	5,205.00	0.00
Books & Periodicals	11,261.00	5,380.00
Bank Charges	7,036.00	15,254.00
Interest On Income Tax (FY 2011-12)	0.00	140,428.00
Late filing fees (ROC)	0.00	14,500.00
Interest on Service Tax	2,231,799.00	103,066.00
Interest on late deposit of TDS	35,643.00	101.00
Insurance charges	14,149.00	14,148.00
Business Promotion Expenses	1,113,152.00	0.00
Bid processing Expenses	10,000.00	0.00
	55,832,656.00	38,629,684.00
NOTE 21:		
PRIOR PERIOD ADJUSTMENTS		
Consultancy income (EESL)	(8,498,705.00)	0.00
Project Income (PAT)	(63,031,810.00)	0.00
Project Expenses (PAT)	63,031,810.00	2,890.00
Net Prior Period Expense/(Income)	(8,498,705.00)	2,890.00

ENERGY EFFICIENCY SERVICES LIMITED

NOTES TO ACCOUNTS

NOTE: 22

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: 23

Balance of sundry debtors, creditors and loans & advances are subject to as certified by the management and direct confirmation.

NOTE: 24

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:

Name	Designation
Anil Kumar Agarwal	Chairman (up to - 9 th Dec, 2013) and Director (10 th Dec to 16 th Jan 2014)
P.J. Thakkar,	Chairman (w.e.f 10 th Dec, 2013)
Saurabh Kumar	Managing Director (w.e.f 7 th May, 2013)
S.N. Ganguly	Director (w.e.f 19 th Nov. 2013)
Puliyar Krishnaswamy Ravi	Government Nominee Director (w.e.f 20.06.2013)
Bhaskar Jyoti Sarma	Government Nominee Director (w.e.f 20.06.2013)
Seema Gupta	Nominee Director (w.e.f 10 th July, 2013)
Rama Rao Modali Kali Venkata	Director (up-to 31 st Oct, 2013)
Ashok Awasthi	Director (up-to 10 th Dec, 2013)
Mahender Singh	Director (up-to 10 th July, 2013)

(ii) Joint Venture Partners

Party Name	% of Shareholding
NTPC Limited	25%
Powergrid Corporation Limited	25%
Rural Electrification Limited	25%
Power Finance Corporation	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] (In ₹)	Year end Balance (In ₹)
1.	Remuneration	-	-	Saurabh Kumar	16,99,864.00	0.00
2.	Coveyance Advance (Managing Director)	-	-	Saurabh Kumar	6,06,600.00	5,15,610.00

(iv) The company was having 3 No's staff on deputation from NTPC and Nil No. (Previous year I 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 31.03.2014 (Cr)	Transaction during the Year	Outstanding Balance as on 31.03.2013 (Cr)
Power Grid Corporation of India Limited	0.00	0.00	23,78,956.00	2,88,282.00
NTPC Limited	75,48,236.00	25,28,244.00	91,17,512.00	25,28,544.00

(v) Internet Expenses paid to JV

Name of Party	Current Year (₹)		Previous Year (₹)	
	Transaction during the Year	Outstanding Balance as on 31.03.2014 (Cr)	Transaction during the Year	Outstanding Balance as on 31.03.2013 (Cr)
Power Grid Corporation of India Limited	5,38,942.00	5,22,167.00	2,72,793.00	1,35,828.00

(vi) Consultancy Work with JVs

Name of Party	Current Year (₹)		Previous Year (₹)	
	Transaction during the Year	Outstanding Balance as on 31.03.2014 (Dr)	Transaction during the Year	Outstanding Balance as on 31.03.2013 (Dr)
Power Finance Corporation	4,07,84,679.00	NIL	NIL	NIL
Rural Electrification of Corporation	3,97,89,717.00	3,69,17,203.00	NIL	NIL

NOTE: 25

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: 26

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings and outgo during the year under review is as below- (Amount in Rs.)

	Year ended	Year ended
	31.03.2014	31.03.2013
Expenditure in Foreign Currency	62,500/-	NIL
Earning In Foreign Exchange	29,57,844/-	NIL

NOTE: 27

CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Amount in Rs.

Particulars	As at 31.3.2014	As at 31.3.2013
Contingent Liabilities	NIL	NIL
COMMITMENTS		
Estimated value of contract to be executed on Capital Account and not provided	20,73,61,436/-	0

NOTE: 28

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

NOTE: 29

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: 30

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

NOTE: 31

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.

	Current Year (Rs.)	Previous Year (Rs.)
Net profit after tax attributed to equity shareholder-Rs.	1,02,97,850	6,34,35,011
Weighted average number of equity shares outstanding during the year	9,00,00,000	39,38,356
Basic Earning per share	0.11	16.11
Face value per share - Rs.	10	10
Diluted weighted average number of equity shares outstanding during the year	9,00,00,000	9,98,35,616
Diluted Earnings per equity share of Rs. 10 each	0.11	0.64

NOTE: 32

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 (Rs.)	Previous Year (Rs.)
Deferred Tax Assets in respect of Preliminary Expenses	00.00	50,532.00
Deferred Tax Assets in respect of Provision for Leave Encashment	8,95,301.00	2,71,428.00
Deferred Tax Assets in respect of Provision for Gratuity	51,761.00	0.00
Deferred Tax Liabilities in respect of Depreciation on Fixed Assets	(2,85,221)	(37,870.00)
Deferred Tax Assets/(Liabilities)	6,61,841.00	2,84,090.00

NOTE: 33

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 2014. 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: 34

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 6 years.

NOTE: 35

“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: 36

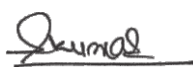
AUDITORS REMUNERATION

Nature of Transaction	Current Year	Previous Year
Statutory Audit fees	50,000/-	20,000/-
Half Yearly Audit fees	25,000/-	0.00
Certification fees	0.00	11,000/-
Tax Audit fees	25,000/-	15,000/-

For and on behalf of the Board of Directors



Prakash Thakkar
Chairman



Saurabh Kumar
Managing Director



Sameer Agarwal
Chief Financial Officer

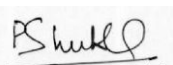
For **G. K. Kedia & Co.**

Chartered Accountants

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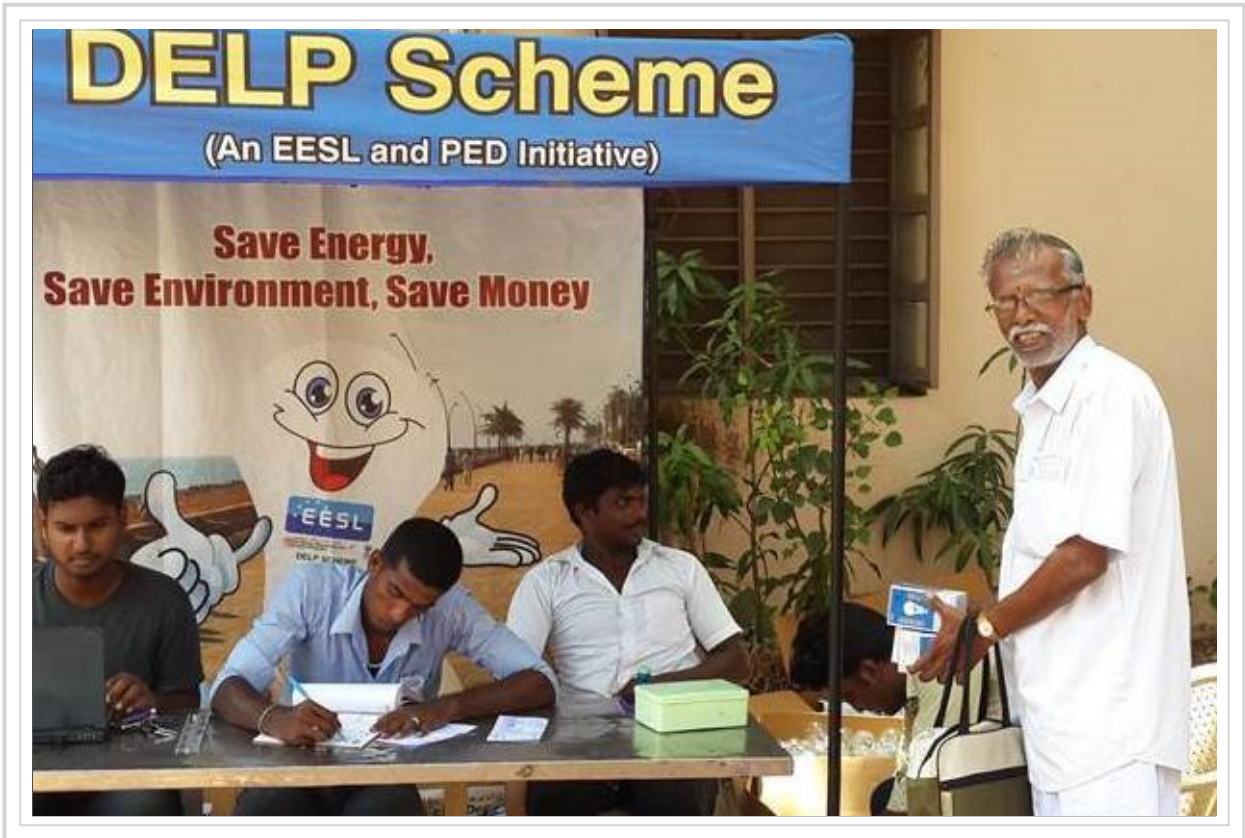


Gopal Kumar
Kedia Partner



Pooja Shukla
Company Secretary

Place : New Delhi
Date : 27.09.2014





Energy Efficiency Services Limited

Corporate Office : 4th Floor, IWAI Building, A-13, Sector - I, Noida - 201301 (U.P.)
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Registered Office :

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4th Floor, Sewa Bhawan, R.K. Puram,
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