Chapter -11: the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;

Budget allocated to each agency including all plans, proposed expenditure and reports on disbursements made etc.

The members of public are hereby informed that general data on Finances of EESL is hereby reproduced on the following web locations on the EESL website. This already includes budget of public authority, proposed expenditures, report on disbursements. These links are as under:

1) Financial reports and results: https://eeslindia.org/en/investors-zone/#financial_results

2) Information on Bonds: https://eeslindia.org/en/investors-zone/#bonds

3) EESL Annual Reports: https://eeslindia.org/en/investors-zone/#annual_reports

Information related to procurement and supply chain management at EESL

The links to procurement data, which is already published on the EESL website is as follows:

https://eeslindia.org/en/tenders/#tab-0.

It is hereby being informed that the same link already has data on latest tenders, previous tenders, Notice Inviting Tenders, banned firms and procurement data of EESL.

Total consolidated amount spent on domestic tours of all employees (must include lodging, air/road/ rail fare, food etc.):

Detail of Travel Cost for the period 01.04.2020 to 31.03.2021				
S. No	**Particular**	**G.L**	**Expense**	**Amount**

		name		
1	Loading	40009016	Hotel Expenses Domes	2382254
		40009075	Daily Allowance	309643.8
2	Airfare charges	40009012	Airfare Domestic	200391
		40009002	Travel Expense (Airfare Domestic Company)	5130145.31
3	Road	40009013	Cab Domestic	950320
		40009017	Incidental Expenses	10971
4	Rail fare charges	40009018	Rail fare Domestic Co	199409
		40009019	Rail fare Domestic S	1077
5	Food Charges	40009014	DA Domestic	1140441
		40009074	Daily Allowance	163598
		40009015	Food Expenses Domestic	1794
	TOTAL			**10,490,044.11**

B) Detailed list of foreign tours by officials of the rank Joint Secretary to the Government (or on pay band of 1,20,000 – 2,80,000 IDA, post January 1, 2017) and above, as well as the Heads of the Department:

Employee Details				Expenditure on Visit			Period of Visit			Place of Visit	No official delegations
Emp. Name	**Emp. Code**	**Emp. Grade**	**Designation**	**Exp Incurred (INR)**	**Exp incurred (USD)**	**Rate**	**Start**	**End**	**NOD**		
Saurabh Kumar	E10000009	E10	Executive Vice Chairman	110850	1500	73.9	22.01.2021	24.01.2021	3	Dhaka, Bangladesh	1
Saurabh Kumar	E10000009	E10	Executive Vice Chairman	43920	600	73.2	15.02.2021	18.02.2021	3	UAE	1
Saurabh Kumar	E10000009	E10	Executive Vice Chairman	58624	800	73.28	06.03.2021	09.03.2021	3	UAE	1
				2,13,394.00							

Information on CAG and PAC paras and action taken:

Annexure-I

MANAGEMENT REPLY TO THE STATUTORY AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2019-20

Sl No	Auditor's Qualified Opinion	Management Reply
1	The Company is in the process of compiling certain data and reconciling the amounts billable, receivable & payable under the various agreements entered into with various States, Urban Local Bodies (ULB's) and other organizations under its Energy Service Company (ESCO) model and other projects, verification of stores and assets under the scheme & otherwise and reconciliation as to assets to be installed, assets installed pending capitalization & assets capitalized (including capitalization of related direct & indirect cost including salaries, interest on loans/ bonds and forex gain/loss etc.) and assets against which revenue is booked (as per applicable Indian Accounting Standards) as per the agreements. We are unable to comment upon the differences that may exist and their impact on various account heads such as Capital Work in Progress, Property Plant & Equipment, Inventories, Trade Receivable / Payable, revenue recognition and any other consequential impact on the statement if any, pending completion of such verification and reconciliation.	The company is in the process of reconciliation and does not expect any major differences that may arise post such reconciliation/verification, and shall account for the differences, if any, post completion of the said exercise.
2	Trade receivables are due from government-controlled entities and other customers. Significant amount of ₹103,564.26 Lakhs is outstanding for the period of more than 360 days as on 31 March 2020 (₹60,454.34 Lakhs for the previous year ended 31.03.2019). The company has represented that the Company earns its revenue mainly from government-controlled entities (both central and state government) and hence risks attached to such receivables are considered to be insignificant and for rest of the customers, the Company does an assessment/evaluation of credit risk based on factors such as ageing of dues, specific credit circumstances, nature and credit worthiness of the non-government-controlled entities/customers. The company has not furnished any records or evidences to demonstrate that such an evaluation and assessment has been carried out. However, a provision of ₹849.61 lakhs in respect of amount	The company earns its revenue from Government institutions/ undertakings (both central & State) and from other Customers and has trade receivables from them which has generated from the normal course of business. The Government agencies account for about 91% of the total receivables. Based on the environment in which the Company operates the trade receivables are considered to be in default (credit impaired) when the possibility of recovery of receivables are deteriorating based on management evaluation of certain parameters such as age of dues, nature of customers, its credit worthiness, etc and are required to be provided for allowance on a systematic basis. In respect of the entities that are government controlled, the counter party risk attached to such receivables are insignificant. In respect of non-government controlled entities which are scattered across different states in India and are in very large number. The Company is still in the process of assessment / evaluation of credit risk based on the above

	outstanding for more than 360 days as on 30.09.2019 from non- government controlled entities have been made and no further provision have been made for the period ended 31.03. 2020.Therefore, we are unable to quantify the impact on the financial statements on account of any possible allowance on doubtful trade receivables due to expected credit loss once such evaluation is done	parameters. The company does not expect any major credit impairment that may arise on such assessment and shall provide for allowances for credit impairment, if any, post completion of such assessment.
3	For Financial assets for which loss allowance is measured using life time expected credit losses in the Financial Statements, the Company has represented at Note No. 44(a)(ii) - "The Company has customers with capacity to meet the obligations and therefore the risk of default is low. Further, management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour. However, the Company has recognised a provision for doubtful receivables of ₹196.65 Lakhs during the year ended 31 March 2020 (31 March 2019: ₹ 196.65 Lakhs)". The process of identification of cases and amount under litigation (including framing of policy for provisioning and follow-up) needs to be strengthened. Further, the Company has not been able to demonstrate and produce any evidence that such cases were actually assessed/evaluated for ascertaining credit risk based on factors such as ageing of dues, specific credit circumstances, nature and credit worthiness of the customers as defined in the policy of the management for the purpose of creating allowance on such doubtful trade receivables due to expected credit loss in case of default. Therefore, we are unable to quantify the actual impact on the financial statements on account of further possible allowance on such doubtful trade receivables (which are under litigation for recovery) due to expected credit loss once such evaluation is done.	The counter party risk attached to the government entities (which account of nearly 91% of trade receivables) are insignificant. In respect of non-government controlled entities, the Company is in receipt of periodic payments even though there are delays in receipt in certain receivables. Therefore, in view of the management, these customers have the capacity to meet the obligations and the risk of default is low. The management believes that trade receivables that are past due are collectable in full based on historical payment behaviour (except for certain cases which are in the various stages of litigation and for which the provision for doubtful debt is being made on a systematic basis). The agreement with the Customers provide for legal recourse in case of delays in payment. The Company has initiated litigation proceedings in respect of some of the customers. As these cases are in the different stages at various Judicial Authorities, the final outcome of which is yet to be decided, as a precautionary measure, the Company has made provision for doubtful debts of ₹589.94 Lakhs till the current FY 2019-20. Based on the future outcome of the litigations, the company shall make the provisions of the balance of these receivables, if required, in the forthcoming years on a systematic basis.
4	The company had deferred 'Advertisement Expenses' amounting to Rs 4287.50 Lakhs in the previous years, from which it has charged an amount of Rs 1071.88 Lakhs in the Statement of Profit & Loss for the period ended 30.09.2019 pertaining to earlier years, as Media/Advertisement Expenses and no further adjustments have been done in the statement of Profit & Loss for the period ended on 31.03. 2020, as per the accounting policy of the company on 'Expenses related to awareness on UJALA	EESL has a target to distribute 77 crores LED bulbs in entire country in 4 year commencing from the FY 2015-16 under the Energy Efficiency Programme (DELP/ UJALA) of Government of India. The programme cost per LED bulb is determined by regulatory commission and includes cost of procurement of LED bulbs, cost of distribution & awareness, return on equity, other financial cost and applicable taxes. EESL had incurred initially the substantial amount on advertisement/awareness of DELP/UJALA programme on national level as well as in the states to create awareness about the programme in the general public to encourage greater participation.

	Programme'. The company continues to defer and carry the balance amount of ₹3215.62 Lakhs as prepaid Expenditure shown under the head other Current Assets in the standalone Financials Statements contrary to the principles enunciated under Ind AS 38 on 'Intangible Assets', as per which such expenses should be charged to the Profit & Loss Account in the year it was incurred.	The cost of awareness is approved by the regulatory commission and is part of the programme cost. As such the cost of awareness needs to be spread over the number of LED bulbs that are targeted to be distributed. Accordingly, in the annual accounts for FY 2019-20, only that part of awareness expenses which are in proportion to the actual numbers of bulb distributed for FY 2019-20 vis-a-vis the total targeted LED bulb distribution at the beginning of the year are accounted for charging in the Statement of Profit & Loss and the balance amount is carried over for charging in the Statement of Profit & Loss of subsequent years on the basis of bulbs distribution in the subsequent years. Hence, the treatment made by EESL for carry forward of awareness expenses is in order and is disclosed in details under the notes to the financial statements. The balance amount of ₹3215.62 Lakhs shall be written off in the financial year 2020-21.
5	The company has entered into agreements with Municipal Corporation for replacement of old conventional streetlights with LED Energy efficient streetlights. The Company carries certain amounts in CWIP pertaining to various projects which are under various stages of completion and have not been capitalized in the book of accounts, irrespective of the fact that the asset may be available for use/ non-receipt of completion certificates from Municipal corporation, which is inconsistent with the provision of Ind AS 16 on Property Plan and Equipment wherein the projects need to be capitalized and depreciated when it is available for use. The impact of this cannot be ascertained by the company as it needs to carry out an exercise to ascertain the various projects where the asset is available for use but the completion certificate from the Municipal Corporation is pending.	As per para 55 of Ind AS 16, '*Property, Plant & Equipment', depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management.* The management through various agreements has undertaken to provide energy efficiency services by installation/replacement of a definite number of lights in respective Urban Local Bodies (ULBs). Though the installations/replacements are being done in a progressive manner over a period of time, the basic intent of realising Energy Efficiency is met only when a sizeable number of lights are installed in the ULB. The agreement with customers provides for issuance of Certificate for Completion prior to the billing of revenue for the lights installed which are normally done in batches. Accordingly, the assets are available for the intended use i.e. attaining desired energy efficiency only when a sizeable number of lights are installed, verified and accordingly declared completed by the respective ULBs. The Company capitalises the project on the basis of completion certificate as it clarifies that the project has been implemented and is capable of operating in the manner intended by the Management. Accordingly, the Company charges the depreciation from the date of capitalisation.
6	The company has recognised revenue under agreements with ULB's based on certain assumptions/ estimates like the start date of the project is taken as the date of completion specified in the first Completion Certificate received from the ULB, the actual expenses towards PMC,	The company is in the process of analysing all agreements to seek necessary clarifications on such and other matters and shall formalize all the respective agreements accordingly.

	AMC, interest (Including indirect finance costs), pre/post tax return on equity (in few cases) are more/ at a certain percentage which is different from the percentage specified in the agreement. The company is in the process of analysing all agreements to seek necessary clarifications on such and other matters and shall formalize all agreements accordingly, we are unable to comment upon the impact of these assumptions pending such clarifications and formalization of agreements.	
7	Trade Payable and Trade receivable (including related party transactions) are subject to confirmations and consequential adjustments that may arise on reconciliation. We are unable to comment upon the impact of the same on the standalone financial statements till such confirmations/ reconciliation are carried out.	The company is in the process of obtaining confirmations and does not expect any major differences that may arise post such confirmations/ reconciliation. The Company shall account for the consequential adjustments post completion of such exercise.
8	The company has undertaken the fair valuation of financials assets, and financial liabilities, depicted in note 40, through an external agency. In the absence of adequate information/ working of the same with the company, we are unable to comment upon the correctness of the fair values depicted in the said note and its consequential impact, if any, on the standalone financial statements of the company.	The activity of calculating the fair value of financial assets/ liabilities is of specialised nature and accordingly carried out by an external agency. The agency has used valuation techniques aiming at maximizing the use of observable market data and minimizing the reliance on entity specific estimates. The company has relied on the valuation as arrived at by the external agency.
9	The Company has booked the unbilled revenue of ₹528.02 lakhs for Smart Meters installed in certain DISCOMs on estimation basis where formal agreements are yet to be executed. Further, the company is in the process to seek clarification/ amendments in a few agreements for extension of period, change in rates etc., the effects of which shall be considered in the year in which such amendments are finalized. The company has appointed a vendor for SMNP system integration on per meter basis, except for few items. The company has booked expenses on per meter basis and is in process to modify and formalize the terms of payments with the vendor to ensure that all the payments are made proportionately on per meter basis. We are unable to comment upon the impact of the above, if any, on the financial statements pending execution of the formal agreements etc.	Company has installed smart meters in various state Discoms and the revenue is recognised in the basis of agreements signed with the respective Discoms. However, in few cases, the MoU has been signed and the formal agreements are still to be executed. Pending finalisation of agreements, unbilled revenue of ₹528.02 lakhs for the meters installed in these Discoms has been accounted for on an estimated basis, based on electronic reports auto generated by the associated installed software. The company does not envisage any major difference in revenue booking on the same. The company is charging the revenue from the Discoms on per meter per month basis, accordingly, expenditure are accounted/provided in the accounts on per meter per month basis. The company is under negotiation with the vendor with regard to the payment terms, to make necessary amendment in the contract.