

N. M. RAIJI & CO.
Chartered Accountants
Universal Insurance Building,
Pherozeshah Mehta Road,
Mumbai-400 001. INDIA
Telephone: 2287 0068
2287 3463
Telefax : 91 (22) 2282 8646
91 (22) 2265 0578
E-mail : nmr.ho@nmraiji.com

REPORT OF THE AUDITORS TO THE MEMBERS OF BOARD OF
IL&FS SOLAR POWER LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of IL&FS Solar Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and 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.

2. Management's Responsibility for the Financial Statements

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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

3. 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 judgement, including the assessment of the risk 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 audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (a) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India, in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.



(b) As required by section 227(3) of the Act, we report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (ii) In our opinion proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
- (iii) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N.M.Raiji and Co.
Chartered Accountants
Firm's Registration Number: 108296W


Vinay D. Balse
Partner
Membership Number: 39434



Place: Mumbai
Date: June 18, 2014

**ANNEXURE TO THE AUDITORS' REPORT OF
IL&FS SOLAR POWER LIMITED**

(Referred to in Paragraph 5 sub-paragraph 1 of our Report of even date)

1. The Company does not have any fixed assets. Accordingly, sub-clauses (b) & (c) of clause 1 of paragraph 4 of the Order are not applicable.
2. The Company does not have any inventory. Accordingly, sub-clauses (b) & (c) of clause 2 of paragraph 4 of the Order are not applicable.
3. (a) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c), & (d) of clause 3 of paragraph 4 of the Order are not applicable.

(b) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) & (g) of clause 3 of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, company has not conducted any business during the audit period and does not have any fixed asset or inventory, hence reporting under clause 5 of paragraph 4 of the Order is not applicable.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has, during the year, not entered into any contracts or arrangements, which needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, sub-clauses (a) & (b) of clause 5 of paragraph 4 of the Order are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of



the Companies Act, 1956. Therefore, reporting under sub-clauses (a) & (b) of clause 6 of paragraph 4 of the Order is not required.

7. As Company has not conducted any business during the audit period, reporting under clause 7 of paragraph 4 of the Order is not applicable.
8. According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, for any of the products manufactured by the Company.
9. (a) Based on our examination of the books of account and according to the information and explanations given to us, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues, including Income-tax, service tax, cess and other statutory dues, wherever applicable. There were no undisputed dues as at March 31, 2014, that were outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the examination of records, there are no dues in respect of Income-tax, service tax, and cess, which have not been deposited with the appropriate authorities on account of any dispute with the related authorities.
10. The Company has incurred cash losses during the year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions. The Company does not have any outstanding debentures.
12. Based on our examination of the books of account and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. To the best of our knowledge and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other



investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.

15. To the best of our knowledge and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. *According to the information and explanations given to us, working capital loan availed by the Company have been used for the purpose for which the loans were obtained.*
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, there are no funds raised on a short-term basis, which have been used for long-term investments.
18. To the best of our knowledge and according to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not raised any monies by way of issue of debentures. As such, reporting under this clause of the Order is not required.
20. The Company has not raised any monies by way of public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For N.M.Raiji and Co.
Chartered Accountants
Firm's Registration Number: 108296W



Vinay D. Balse
Partner
Membership Number: 39434



Place: Mumbai
Date: June 18, 2014

IL&FS SOLAR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I EQUITIES & LIABILITIES			
1. SHARE HOLDERS' FUNDS	3		
(a) Share Capital		500,000	500,000
(b) Reserves & Surplus		(6,354,390)	(6,252,167)
2. CURRENT LIABILITIES			
(a) Short-Term Borrowings	4	11,500,000	3,000,000
(b) Trade Payable		2,731,322	5,461,168
(c) Other Current Liabilities	5	389,818	3,935,781
TOTAL		8,766,750	6,644,782
II ASSETS			
1. NON CURRENT ASSETS			
Fixed Assets	6		
(a) Capital Work in Progress		5,598,274	5,598,274
2. CURRENT ASSETS			
(a) Cash and Cash Equivalents	7	3,168,116	1,045,668
(b) Short Term Loans & Advances	8	360	840
TOTAL		8,766,750	6,644,782

Notes 1 to 14 form part of Financial Statements

In terms of our report attached.

For N.M. Rajji & Co.

Chartered Accountants

Firm Reg No: 108296W

Vinay D Balse
Partner

Membership no: 39434



For and on behalf of the Board

C. K. Dhaneel

Director

A. Anwar

Director

Place: Mumbai

Date **18 JUN 2014**

IL&FS SOLAR POWER LIMITED
STATEMENT OF PROFIT & LOSS FOR THE PERIOD MARCH 31, 2014

(Amount in Rupees)

Particulars	Note No.	For the period March 31, 2014	For the period March 31, 2013
I Revenue from Operations		-	-
II Total Revenue		-	-
III Expenses			
Other Expenses	9	102,223	6,139,579
Total Expenses		102,223	6,139,579
IV Loss before tax (II-III)		102,223	6,139,579
V Tax Expense		-	-
VI Loss after tax (IV-V)		102,223	6,139,579
VIII Earnings per equity share	10		
1) Basic		(2.04)	(122.79)
2) Diluted		(2.04)	(122.79)
(Face value per share Rs. 10)			

Notes 1 to 14 form part of Financial Statements

In terms of our report attached.

For N.M. Raiji & Co.

Chartered Accountants

Firm Reg No: 108296W

For and on behalf of the Board

Vinay D Balse
Partner

Membership no: 39434



Dk Dhaneu
Director

Amanu
Director

Place: Mumbai

Date **18 JUN 2014**

IL&FS SOLAR POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A Cash Flow from Operating Activities		
Profit or (Loss) Before Tax	(102,223)	(6,139,579)
Adjustments for :-		
Operating Profit before Working Capital Changes	(102,223)	(6,139,579)
Adjustments for :-		
Increase/(Decrease) in Current Liabilities	(3,353,047)	5,456,471
(Increase)/Decrease in Current Assets	480	480
Net changes in working capital	(3,352,567)	5,456,951
Payment of taxes	-	-
Net Cash used in Operating Activities (A)	(3,454,790)	(682,628)
B Cash flow from Investing Activities		
Payment to Creditors for Capital Expenditure	(2,922,762)	(1,715,407)
Net Cash generated / (used) in Investing Activities (B)	(2,922,762)	(1,715,407)
C Cash flow from financing Activities		
Working Capital Loan taken	8,500,000	3,000,000
Net Cash generated from Financing Activities (C)	8,500,000	3,000,000
Net Increase in Cash & Cash Equivalents (A+B+C)	2,122,448	601,965
Cash and Cash Equivalents at the beginning of the year	1,045,668	443,703
Cash and Cash Equivalents at the end of the year	3,168,116	1,045,668
	2,122,448	601,965

Notes 1 to 14 form part of Financial Statements

In terms of our report attached.

For N.M. Raiji & Co.
Chartered Accountants
Firm Reg No: 108296W

Vinay D Balse
Partner
Membership no: 39434



For and on behalf of the Board

Dr. Dhanees
Director

Aman
Director

Place: Mumbai

Date **18 JUN 2014**

IL&FS SOLAR POWER LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis for preparation of Financial Statements

The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted applicable Accounting Principles in India, including the applicable Accounting Standards issued pursuant to the Companies (Accounting Standards) Rules, 2006. All income and expenditure having a material bearing on the Financial Statements are recognised on an accrual basis.

The preparation of Financial Statement requires the Management to make certain estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates.

b. Fixed Assets and Depreciation

Fixed assets are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

The Company has exercised the option as per the Companies (Accounting Standards) Amendments Rules, 2011. As per the option, exchange differences related to long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable capital assets, are capitalized and depreciated the same over the useful life of the assets and in other cases, have transferred to Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term assets/liabilities.

c. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax, for the period attributable to equity shareholders of the Company, by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit after tax, for the period attributable to equity shareholders of the Company, by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

d. Taxation

Income tax comprises of Current Tax, and net changes in Deferred Tax Assets or Liabilities during the period. Current Tax is determined at the amount of tax payable in respect of taxable income for the period as per the Income tax Act, 1961.

Deferred Tax Assets and Liabilities are recognised for future tax consequences of timing differences between the book profit and the tax profit. Deferred Tax Assets and Liabilities other than carry forward losses and unabsorbed depreciation under the tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred Tax Assets and Liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Statement of Profit and Loss in the period of substantive enactment of the change.

e. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and obligations required to be settled are determined based on best estimates as at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed when there is a possibility of an outflow of resources embodying the economic benefits. Contingent Assets are neither recognised nor disclosed in the financial statements.



2. The Company was incorporated under the Companies Act, 1956 on August 26, 2010 vide Registration No U40300MH2010PLC207073 with the primary objective of engaging in the business of procurers, generators, suppliers, distributors, transformers, converters, transmitters, producers, manufacturers, processors, developers, storers, carriers, importers and exporters of, and dealers in, electricity, and any products or by-products derived from any such business and any products derived from, or connected with any other form of energy, including without limitation heat, solar, wind, hydro, wave, tidal, bagasse, bio-mass, waste, geothermal and biological; to engage in the business of procurers, suppliers, distributors, converters, producers, processors, developers, storers, carriers, importers and exporters of, and dealers in, hydrocarbon fuels, fuel handling equipment and machinery and fuel handling facilities thereto and any product or by products derived from any such business (including without limitation distillate); and to carry on the business of a General Electric Power Supply Company in all its branches and to construct, lay down, establish fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate distribute and supply electricity and to light cities, towns, streets, docks, markets, theatres, building and places, both public and private.

3. SHAREHOLDERS' FUNDS

- a) The details of the Authorised, issued, subscribed and paid up Share Capital is as below

(Amount in Rupees)

Share Capital	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Authorised				
Equity shares of Rs 10 each	50,000	500,000	50,000	500,000
Issued, Subscribed & Paid up				
Equity shares of Rs 10 each	50,000	500,000	50,000	500,000
Total	50,000	500,000	50,000	500,000

- b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the period	50,000	500,000	-	-
Shares issued during the period	-	-	50,000	500,000
Shares bought back during the period	-	-	-	-
Shares Outstanding at the end of the period	50,000	500,000	50,000	500,000

- c) 50,000 Equity shares are held by IL&FS Renewable Energy Limited, the holding company & Nominee.

- d) Details of Share holder holding more than five percent shares in the company

Name of the shareholder	Shares	As at March 31, 2014		As at March 31, 2013	
		No. of shares held	% of holding	No. of shares held	% of holding
IL&FS Renewable Energy Limited	Equity	49,930	99.86	49,930	99.86

- e) Reserve and Surplus comprises of

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance in Statement of Profit and Loss	(6,354,390)	(6,252,167)
Total	(6,354,390)	(6,252,167)



f) The Balance in Statement of Profit and Loss is arrived at as follows

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
(Loss) at the beginning of the period	(6,252,167)	(112,588)
(Loss) for the period	(102,223)	(6,139,579)
Total	(6,354,390)	(6,252,167)

4. SHORT TERM BORROWING

Short term borrowings comprises of:

Particulars	As at March 31, 2014	As at March 31, 2013
Loans & advances from related parties:		
Working capital Loan	11,500,000	3,000,000
Total	11,500,000	3,000,000

5. OTHER CURRENT LIABILITIES

Liabilities expected to be settled within twelve months from the date of Balance sheet have been classified as Current Liabilities.

Other Current Liabilities comprise of:

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Creditors	336,447	2,942,607
Other Payables		
- Statutory Dues	2,809	942,613
- Others	50,562	50,561
Total	389,818	3,935,781

6. FIXED ASSETS

a) Capital Work in Progress

Capital work in progress of Rs 5,598,274/- has been incurred till March 31, 2014 as per the details given below. These expenses are incurred for

(Amount in Rupees)

Particulars	As at April 1, 2013	Incurred during the period	As at March 31, 2014
Legal & Professional fees	850,000	-	850,000
Travelling Foreign Exp.	2,662,170	-	2,662,170
Deputation Cost	1,222,515	-	1,222,515
Rent	847,137	-	847,137
Other Expenses	16,452	-	16,452
Total	5,598,274	-	5,598,274

7. CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance with banks	3,161,159	1,038,206
Cash in hand	6,957	7,462
Total	3,168,116	1,045,668



8. SHORT TERM LOANS AND ADVANCES

Loans and Advances have been classified as current as it is due or expected/ intended to be realized within twelve months from the Balance Sheet date. The details of the Company's Loans and Advances are given as below:

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Prepaid Licence Fees	360	840
Total	360	840

9. OTHER EXPENSES

Details of Other Expenses are as given below:

(Amount in Rupees)

Particulars	For the year ended March 31, 2014	For the period ended March 31, 2013
Legal & Professional fees	-	6,067,965
Travelling Expenses	38,454	-
Payments to Auditor		
- As Audit fees	56,180	62,360
Miscellaneous Expenses	7,589	9,254
Total	102,223	6,139,579

10. EARNINGS PER SHARE (EPS)

In accordance with the Accounting Standard 20 on "Earnings Per Share", the Basic and Diluted EPS has been computed by dividing the Profit/(Loss) After Tax by the weighted average number of equity shares outstanding for the period as under:

(Amount in Rupees)

Particulars	For the period ended March 31, 2014	For the period ended March 31, 2013
(Loss) after tax	(102,223)	(6,139,579)
Weighted average number of Equity Shares in calculating Basic and Diluted EPS	50,000	50,000
Basic and Diluted Earnings per Share	(2.04)	(122.79)

11. SEGMENTAL REPORTING

The Company is operating into one business segment of Renewable Energy Projects and related services. As such there is no separate reportable business or geographical segments as per Accounting Standard 17 on "Segmental Reporting".

12. RELATED PARTY DISCLOSURES

a) As per the Accounting Standard 18 on "Related Party Disclosures", the related parties are as follows:-

ULTIMATE HOLDING COMPANY:

Infrastructure Leasing & Financial Services Limited

HOLDING COMPANY:

IL&FS Renewable Energy limited

FELLOW SUBSIDIARIES: (with whom Company has transactions during the period)

NIL



b) The nature of transactions during the period with the above-related party were as follows:

(Amount in Rupees)			
Nature of Company	Nature of Transaction	Transaction for the period	Balance as at year end
IL&FS Renewable Energy Limited	Working Capital Loan	8,500,000 (3,000,000)	11,500,000 (3,000,000)
	Travelling Foreign Expenses (CWIP)	- (815,727)	- (-)
	Rent (CWIP)	- (847,137)	- (-)
	Deputation Cost (CWIP)	- (1,222,515)	- (-)
	Legal & Professional Fees	- (3,034,245)	- (-)
	Current Liabilities	- (-)	- (5,336,980)
IL&FS Energy Development Company Limited	Legal & Professional Fees	- (3,033,720)	- (-)
	Travelling Foreign Expenses (CWIP)	- (373,830)	- (-)
	Current Liabilities	- (-)	3,066,795 (3,066,795)

Note: Transactions in the nature of Reimbursement of expenses are not included in above.

13. In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", deferred tax assets and liabilities should be recognised for all timing differences. However, considering the present financial position and requirement of the said Accounting Standard 22 regarding virtual certainty, deferred tax asset has not been recognized on accumulated business losses.
14. On the basis of the information available with the Company, there are no suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, information as required by the said Act is not given

Note 1 to 14 annexed hereto forms part of the Balance Sheet and Statement of Profit and Loss

For N.M. Raiji & Co.
Chartered Accountants
Firm Registration No. : 108296W

Vinay D Balse
Partner
Membership no: 39434



Place: Mumbai

Date: 18 JUN 2014

For and on behalf of the Board

E.K. Dhameles

Director

Asaman

Director