

**N. M. RAIJI & CO.**  
*Chartered Accountants*  
Universal Insurance Building,  
Pherozeshah Mehta Road,  
Mumbai-400 001. INDIA  
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2287 3463  
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**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 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

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

**3. Auditors' Responsibility**

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



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

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

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

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

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its Profit/Loss statement and its cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India, in terms of sub-section (11) of section 143 of the Companies Act, 2013, we enclose in the Annexure a statement of the matters specified in paragraphs 3 and 4 of the said Order.

- (ii) Further to our comments in the Annexure referred to in Paragraph 5(i) above, as required by section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified, as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

**For N. M. RAIJI & CO.**  
Chartered Accountants  
Firm's Registration No. 108296W



**VINAY D BALSE**  
Partner  
Membership No. 39434

Place: Mumbai

Date: 20<sup>th</sup> May, 2015



**Annexure to the Auditor's Report**

Referred to in paragraph 5 (i) of the Auditors Report of even date of **IL&FS Solar Power Limited**

- i. The Company does not have any fixed assets. Accordingly, provisions as mentioned in clause i of the said Order are not applicable.
- ii. The Company does not have any inventory. Accordingly, provisions as mentioned in clause ii of the said Order are not applicable.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions as mentioned in clause iii of the said Order are not applicable.
- iv. 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 iv of the said order is not applicable.
- v. The Company has not accepted any deposits from the public;
- vi. According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for any of the products manufactured by the Company.
- vii.
  - a) According to the records and the information and explanations provided to us, the Company is regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and any other statutory dues applicable. No undisputed amounts payable were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - b) As at the Balance Sheet date, the Company has no dues in respect of sales tax, income tax, service tax, excise duty, custom duty, wealth tax, value added tax, cess, which have not been deposited with the appropriate authorities on account of any dispute with the related authorities
  - c) According to the records of the Company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii. The Company's accumulated losses at the end of the current financial year are more than fifty percent of its net worth. The Company has incurred any cash losses during the current financial year and in the immediately preceding financial year.



- ix. The Company has not taken any loans from financial institutions or banks or debenture holders and hence there is no question of default in repayment.
- x. On the basis of information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions
- xi. On the basis of 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.
- xii. Based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported.

**For N. M. RAIJI & CO.**  
Chartered Accountants  
Firm's Registration No. 108296W



**VINAY D BALSE**  
Partner  
Membership No. 39434

Place: Mumbai

Date: 20<sup>th</sup> May, 2015



**IL&FS SOLAR POWER LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2015**

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
<b>I EQUITIES &amp; LIABILITIES</b>			
<b>1. SHARE HOLDERS' FUNDS</b>	3		
(a) Share Capital		500,000	500,000
(b) Reserves & Surplus		(6,430,967)	(6,354,390)
<b>2. CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	4	20,500,000	11,500,000
(b) Trade Payable		3,709	2,731,322
(c) Other Current Liabilities	5	88,823,652	389,818
<b>TOTAL</b>		<b>103,396,394</b>	<b>8,766,750</b>
<b>II ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>	6		
(a) Capital Work in Progress		102,993,836	5,598,274
<b>2. CURRENT ASSETS</b>			
(a) Cash and Cash Equivalents	7	402,228	3,168,116
(b) Short Term Loans & Advances	8	330	360
<b>TOTAL</b>		<b>103,396,394</b>	<b>8,766,750</b>

Notes 1 to 14 form part of Financial Statements

In terms of our report attached.

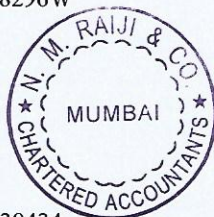
For N.M. Raiji & Co.

Chartered Accountants


Firm Reg No: 108296W

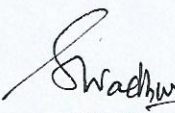
  
Vinay D Balse  
Partner

Membership no: 39434



For and on behalf of the Board

  
x Director  
HT

  
Director  
xsw

Place: Mumbai

Date **20 MAY 2015**



**IL&FS SOLAR POWER LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE PERIOD MARCH 31, 2015**

(Amount in Rupees)

Particulars	Note No.	For the period March 31, 2015	For the period March 31, 2014
<b>I Revenue from Operations</b>		-	-
<b>II Total Revenue</b>		-	-
<b>III Expenses</b>			
Other Expenses	9	76,577	102,223
Total Expenses		76,577	102,223
<b>IV Loss before tax (II-III)</b>		76,577	102,223
<b>V Tax Expense</b>		-	-
<b>VI Loss after tax (IV-V)</b>		76,577	102,223
<b>VIII Earnings per equity share</b>	10		
1) Basic		(1.53)	(2.04)
2) Diluted		(1.53)	(2.04)
( 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

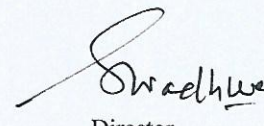
Vinay D. Balse  
Partner

Membership no: 39434



For and on behalf of the Board

  
Director  
47

  
Director  
X SW

Place: Mumbai

Date 20 MAY 2015



**IL&FS SOLAR POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2015**

(Amount in Rupees)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>A Cash Flow from Operating Activities</b>		
Profit or (Loss) Before Tax	(76,577)	(102,223)
<b>Adjustments for :-</b>		
Operating Profit before Working Capital Changes	-	-
	(76,577)	(102,223)
<b>Adjustments for :-</b>		
Increase/(Decrease) in Current Liabilities	(2,676,298)	(3,353,047)
(Increase)/Decrease in Current Assets	30	480
Net changes in working capital	(2,676,268)	(3,352,567)
Payment of taxes	-	-
<b>Net Cash used in Operating Activities (A)</b>	<b>(2,752,845)</b>	<b>(3,454,790)</b>
<b>B Cash flow from Investing Activities</b>		
Payment to Creditors for Capital Expenditure	(9,013,043)	(2,922,762)
<b>Net Cash generated / (used) in Investing Activities (B)</b>	<b>(9,013,043)</b>	<b>(2,922,762)</b>
<b>C Cash flow from financing Activities</b>		
Working Capital Loan taken	9,000,000	8,500,000
<b>Net Cash generated from Financing Activities (C)</b>	<b>9,000,000</b>	<b>8,500,000</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,765,888)</b>	<b>2,122,448</b>
Cash and Cash Equivalents at the beginning of the half year	3,168,116	1,045,668
Cash and Cash Equivalents at the end of the half year	402,228	3,168,116
	<b>(2,765,888)</b>	<b>2,122,448</b>

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



Place: Mumbai  
Date: 20 MAY 2015

For and on behalf of the Board

  
Director  
X HT

  
Director  
X SW



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 year. 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 year.

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 year, adjusted for the effects of all dilutive potential equity shares.

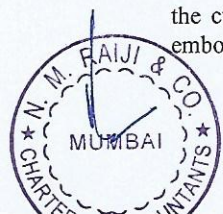
d. Taxation

Income tax comprises of Current Tax, and net changes in Deferred Tax Assets or Liabilities during the year. 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 year 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

Share Capital	(Amount in Rupees)			
	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity shares of Rs 10 each	50,000	500,000	50,000	500,000
<b>Issued, Subscribed &amp; Paid up</b>				
Equity shares of Rs 10 each	50,000	500,000	50,000	500,000
<b>Total</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
Shares Outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares Outstanding at the end of the year	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.

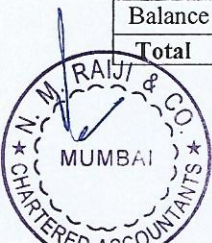
- d) Details of Share holder holding more than five percent shares in the company

Name of the shareholder	Shares	As at March 31, 2015		As at March 31, 2014	
		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, 2015	As at March 31, 2014
Balance in Statement of Profit and Loss	(6,430,967)	(6,354,390)
<b>Total</b>	<b>(6,430,967)</b>	<b>(6,354,390)</b>





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

(Amount in Rupees)		
Particulars	As at March 31, 2015	As at March 31, 2014
Loss at the beginning of the year	(6,354,390)	(6,252,167)
(Loss) for the year	(76,577)	(102,223)
<b>Total</b>	<b>(6,430,967)</b>	<b>(6,354,390)</b>

#### 4. SHORT TERM BORROWING

Short term borrowings comprises of:

Particulars	As at March 31, 2015	As at March 31, 2014
Loans & advances from related parties:		
Working capital Loan	20,500,000	11,500,000
<b>Total</b>	<b>20,500,000</b>	<b>11,500,000</b>

#### 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, 2015	As at March 31, 2014
Capital Creditors	88,029,600	336,447
Other Payables		
- Statutory Dues	79,096	2,809
- Others	714,956	50,562
<b>Total</b>	<b>88,823,652</b>	<b>389,818</b>

#### 6. FIXED ASSETS

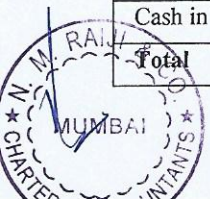
##### a) Capital Work in Progress

Capital work in progress of Rs. 102,993,836/- has been incurred till March 31, 2015 as per the details given below. These expenses are incurred for

(Amount in Rupees)			
Particulars	As at April 1, 2014	Incurred during the year	As at March 31, 2015
Legal & Professional fees	850,000	96,629,600	97,479,600
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
Interest Cost	-	765,962	765,962
<b>Total</b>	<b>5,598,274</b>	<b>97,395,562</b>	<b>102,993,836</b>

#### 7. CASH AND CASH EQUIVALENTS

(Amount in Rupees)		
Particulars	As at March 31, 2015	As at March 31, 2014
Balance with banks	3,95,346	3,161,159
Cash in hand	6,882	6,957
<b>Total</b>	<b>4,02,228</b>	<b>3,168,116</b>





## 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:

Particulars	(Amount in Rupees)	
	As at March 31, 2015	As at March 31, 2014
Prepaid Licence Fees	330	360
<b>Total</b>	<b>330</b>	<b>360</b>

## 9. OTHER EXPENSES

Details of Other Expenses are as given below:

Particulars	(Amount in Rupees)	
	As at March 31, 2015	As at March 31, 2014
Legal & Professional fees	11,292	-
Travelling Expenses	-	38,454
Payments to Auditor		
- As Audit fees	56,180	56,180
Miscellaneous Expenses	9,105	7,589
<b>Total</b>	<b>76,577</b>	<b>102,223</b>

## 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 year as under:

Particulars	(Amount in Rupees)	
	As at March 31, 2015	As at March 31, 2014
Loss after tax	76,577	102,223
Weighted average number of Equity Shares in calculating Basic and Diluted EPS	50,000	50,000
<b>Basic and Diluted Earnings per Share</b>	<b>(1.53)</b>	<b>(2.04)</b>

## 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:

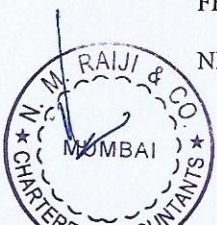
Infrastructure Leasing & Financial Services Limited

HOLDING COMPANY:

IL&FS Renewable Energy limited

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

NIL





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

Nature of Company	Nature of Transaction	Transaction for the period	Balance as at year end
IL&FS Renewable Energy Limited	Working Capital Loan	90,00,000 (11,500,000)	20,500,000 (11,500,000)
	Interest on Loan(CWIP)	765,962 (-)	765,962 (-)
IL&FS Energy Development Company Limited	Legal & Professional Fees (CWIP ) (Excl Service tax )	86,000,000 (-)	86,000,000 (-)
	Current Liabilities		88,029,600 (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. Rajji & Co.  
Chartered Accountants  
Firm Registration No. : 108296W

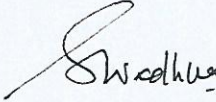
Vinay D Balse  
Partner  
Membership no: 39434



Place: Mumbai  
Date: 20 MAY 2015

For and on behalf of the Board

  
Director  
x HT

  
Director  
x SW