

IL&FS SOLAR POWER LIMITED

DIRECTORS' REPORT

The Shareholders
IL&FS Solar Power Limited

Your Directors have pleasure in presenting the Second Annual Report along with the Audited Accounts for the period ended March 31, 2012

FINANCIAL RESULTS :

For the period	(Rs.Mn)	
	From April 01,2011 to March 31,2012	From August 26 ,2010 to March 31,2011
Total Income	-	-
Gross Profit	-	-
Profit/(Loss) Before Tax	(0.06)	(0.05)
Profit/(Loss) After Tax	(0.06)	(0.05)
Balance Profit brought forward from Previous Year	-	-
Balance Profit carried forward to Balance Sheet	-	-

DIVIDEND :

Your Directors do not recommend dividend for the financial period under review

SHARE CAPITAL :

During the year under review, there was no change in the Share Capital of the Company

IL&FS SOLAR POWER LIMITED

OPERATIONS :

Your company is in the process of evaluating various technologies of leading manufacturers in the Solar Sector. The final selection of the technology would primarily depend on the prospects of reducing initial capital costs to a level that would support solar power to be offered to grid at a price similar to other renewable energy sources. Your Company also proposes to participate in the bids floated under Jawaharlal Nehru National Solar Mission (JNNSM) and by the State utilities

DIRECTORS :

In terms of the provisions of the Companies Act, 1956, Mr Vinod Dhanuka retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment as Director of the Company

AUDITORS :

Messrs N M Rajji & Co., Chartered Accountants, Mumbai, existing Auditors of the Company, being eligible, have provided their consent for re-appointment as Auditors of the Company for FY 2013, subject to approval of the Members at the ensuing Annual General Meeting (AGM)

FIXED DEPOSITS :

Your Company has not accepted any Fixed Deposits during the period under review

IL&FS SOLAR POWER LIMITED

PARTICULARS OF EMPLOYEES :

There are no employees drawing remuneration as per the limits specified under the provisions of Section 217(2A) of the Companies Act, 1956, and the Rules framed thereunder

DIRECTORS' RESPONSIBILITY STATEMENT :

Section 217(2AA) of the Companies Act, 1956 as amended in December 2000 requires the Board of Directors to provide a statement to the members of the Company in connection with maintenance of books, records, preparation of Annual Accounts in conformity with the accepted accounting standards and past practices followed by the Company. Pursuant to the foregoing, and on the basis of representations received from the Operating Management, and after due enquiry, it is confirmed that :

- (1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (2) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (4) The Directors have prepared the annual accounts on a going concern basis

IL&FS SOLAR POWER LIMITED

FOREIGN EXCHANGE EARNINGS AND OUTGO :

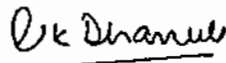
There are no foreign exchange earnings and outgo during the period ended March 31, 2012

Since, the Company also does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

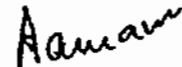
ACKNOWLEDGEMENTS :

Relationships with shareholders, and other Banks and Financial Institutions as well as regulatory authorities remained excellent during the period under review. Your Directors are grateful for the co-operation and support extended by them, and look forward to receiving their continued support and encouragement

By the Order of the Board of Directors



Vinod Dhanuka
Director



Ateesh Samant
Director

Date : May 23, 2012
Place : Mumbai

N. M. RAIJI & CO.
Chartered Accountants
Universal Insurance Building,
Pherozeshah Mehta Road,
Mumbai-400 001. INDIA
Telephone: 2287 0068
2287 3463
2283 7482
Telefax : 91 (22) 2282 8646
91 (22) 2265 0578
E-mail : nmr.ho@nmraiji.com

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

1. We have audited the attached Balance Sheet of IL&FS SOLAR POWER LIMITED as at 31st March, 2012, and the annexed statement of Profit and Loss and Cash Flow Statement for the year ended on that date, annexed thereto, which are in agreement with books of account. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004, (CARO) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

N. M. RAIJI & CO.

4. Further to our comments in the Annexure referred to above, we report that:
- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the 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 the books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, referred to in this report, are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, statement of Profit and Loss and the Cash Flow Statement, dealt with by this report, comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the statement of Profit and Loss, of the loss of the Company for the year ended on that date; and



N. M. RAIJI & CO.

- ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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



Vinay D. Balse
Partner
Membership No. 39464

Place : Mumbai

Date : 23rd May, 2012

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

(Referred to in paragraph 3 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, 2012, 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




N. M. RAIJI & CO.

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, no term loans have been availed by the Company.
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 & Co.
Chartered Accountants
Firm Registration No - 108296W


Vinay D. Balse
Partner
Membership No: 39434

Place: Mumbai
Date: 23rd May, 2012

II.&FS SOLAR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULAR	NOTE NO.	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
I EQUITIES & LIABILITIES			
1. SHARE HOLDER'S FUNDS	3		
(a) Share Capital		500,000	500,000
(b) Reserves & Surplus		(112,588)	(50,473)
2. CURRENT LIABILITIES			
(a) Other Current Liabilities	4	57,611	48,361
TOTAL		445,023	497,888
II ASSETS			
1. CURRENT ASSETS			
(a) Cash and Cash Equivalents	5	443,703	497,888
(b) Short Term Loans & Advances	6	1,320	-
TOTAL		445,023	497,888

Notes 1 to 12 form part of Financial Statements

In terms of our report attached.

For: N.M. Rajji & Co.

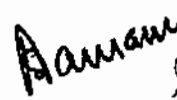
Chartered Accountants

For and on behalf of the Board

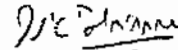


Vinay D Balse
Partner

Membership no: 39434

Director



Director

Place: Mumbai

Date *May 23, 2012*

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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 so far as they relate to the acquisition of a 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 earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholder 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 year attributable to equity shareholder 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, Fringe Benefit 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 year as per the Income tax Act, 1961.

Deferred Tax Assets and Liabilities are recognised for the 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 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 Profit and Loss Account 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 are determined based on the best estimates at the balance sheet date required to settle the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements.



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2. The Company was incorporated under the Companies Act, 1956 on August 26, 2010 vide Registration No U40300MH2010PLC207073 with the primary objective to engage 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). 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. SHARE HOLDER'S 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, 2012		As at March 31, 2011	
	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) Number of Shares

Particulars	Equity shares	
	Number	Amount
Shares Outstanding at the beginning of the period	-	-
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

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

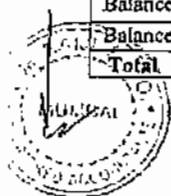
- d) Details of Share holder holding more than five percent shares in the company

Name of the shareholder	Shares	As at March 31, 2012	
		No. of shares held	% of holding
IL&FS Renewable Energy Limited	Equity	49,930	99.86

- e) Reserve and Surplus comprises of

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Balance at the beginning of the period	(50,473)	-
Balance in Statement of Profit and Loss	(62,115)	(50,473)
Total	(112,588)	(50,473)



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

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Loss at the beginning of the period	50,473	-
Loss for the period	62,115	50,473
Total	112,588	50,473

4. 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 comprises of:

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Other Payables		
- Statutory Dues	2,353	25,861
- Others	55,258	22,500
Total	57,611	48,361

5. CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Balance with banks	435,811	489,846
Cash on Hand	7,892	8,042
Total	443,703	497,888

6. 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)

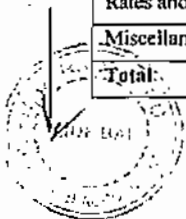
Particulars	As at March 31, 2012	As at March 31, 2011
Prepaid Licence Fees	1,320	-
Total	1,320	-

7. OTHER EXPENSES

Details of Other Expenses are as given below:

(Amount in Rupees)

Particulars	For the period from April 1, 2011 to March 31, 2012	For the period from August 26, 2010 to March 31, 2011
Payments to Auditor		
- As Audit fees	25,000	25,000
Rates and Tax	5,281	25,069
Miscellaneous Expenses	37,115	404
Total:	62,115	50,473



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8. 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 from April 1, 2011 to March 31, 2012
Loss after tax	62,115
Weighted average number of Equity Shares in calculating Basic and Diluted EPS	50,000
Basic and Diluted Earning per Share	(1.24)

9. 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".

10. 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

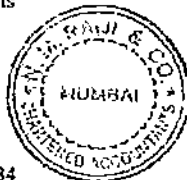
11. In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard. However considering the present financial position and requirement of the said Accounting Standard 22 regarding certainty/virtual certainty, the carried forward losses is not provided for as an asset. However the same will be re-assessed at subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid Accounting Standard Tax Provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for taxes on Income".

12. 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 12 annexed hereto forms part of the Balance Sheet and Statement of Profit and Loss

For N.M. Rajji & Co.
Chartered Accountants


Vinay D Balse
Partner
Membership no: 39434



For and on behalf of the Board


Aamaw
Director


Jk Dhany
Director

Place: Mumbai
Date: May 23, 2012

N. M. RAIJI & CO.

Chartered Accountants

Universal Insurance Building,
Pherozechah Mehta Road,
Mumbai-400 001. INDIA

Telephone: 2287 0068

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2283 7482

Telefax : 91 (22) 2282 8646

91 (22) 2265 0578

E-mail : nmr.ho@nmraiji.com

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

1. We have audited the attached Balance Sheet of IL&FS SOLAR POWER LIMITED as at 31st March, 2012, and the annexed statement of Profit and Loss and Cash Flow Statement for the year ended on that date, annexed thereto, which are in agreement with books of account. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004, (CARO) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:
- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the 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 the books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, referred to in this report, are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, statement of Profit and Loss and the Cash Flow Statement, dealt with by this report, comply with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the statement of Profit and Loss, of the loss of the Company for the year ended on that date; and



N. M. RAIJI & CO.

- ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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



Vinay D. Balse
Partner
Membership No. 39464

Place : Mumbai

Date : 23rd May, 2012


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

(Referred to in paragraph 3 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.

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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, 2012, 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, no term loans have been availed by the Company.
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 & Co.
Chartered Accountants
Firm Registration No - 108296W


Vinay D. Balse
Partner
Membership No: 39434

Place: Mumbai
Date: 23rd May, 2012

IL&FS SOLAR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULAR	NOTE NO.	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
I EQUITIES & LIABILITIES			
1. SHARE HOLDER'S FUNDS	3		
(a) Share Capital		500,000	500,000
(b) Reserves & Surplus		(112,588)	(50,473)
2. CURRENT LIABILITIES			
(a) Other Current Liabilities	4	57,611	48,361
TOTAL		445,023	497,888
II ASSETS			
1. CURRENT ASSETS			
(a) Cash and Cash Equivalents	5	443,703	497,888
(b) Short Term Loans & Advances	6	1,320	-
TOTAL		445,023	497,888


Notes 1 to 12 form part of Financial Statements

In terms of our report attached.

For N.M. Rajji & Co.


Chartered Accountants

For and on behalf of the Board


 Vinay D Balse
 Partner

Membership no: 39434




 Director


 Director

Place: Mumbai

Date May 23, 2012

IL&FS SOLAR POWER LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rupees)

PARTICULAR	NOTE NO.	FOR THE PERIOD FROM APRIL 1, 2011 TO MARCH 31, 2012	FOR THE PERIOD FROM AUGUST 26, 2010 TO MARCH 31, 2011
I Revenue from Operations		-	-
II Total Revenue		-	-
III Expenses			
Other Expenses	7	62,115	50,473
Total Expenses		62,115	50,473
IV Loss before tax (II-III)		62,115	50,473
V Tax Expense		-	-
VI Loss after tax (IV-V)		62,115	50,473
VIII Earnings per equity share	8		
1) Basic		(1.24)	(1.39)
2) Diluted		(1.24)	(1.39)
(Face value per share Rs. 10)			

Notes 1 to 12 form part of Financial Statements

In terms of our report attached.

For N.M. Rajji & Co.

Chartered Accountants

For and on behalf of the Board



Vinay D Balse
Partner

Membership no: 39434




Director



Director

Place: Mumbai

Date May 23, 2012

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IL&FS SOLAR POWER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rupees)

PARTICULAR	FOR THE PERIOD FROM APRIL 1, 2011 TO MARCH 31, 2012	FOR THE PERIOD FROM AUGUST 26, 2010 TO MARCH 31, 2011
A Cash Flow from Operating Activities		
Profit or (Loss) Before Tax	(62,115)	(50,473)
Adjustments for :-		
Operating Profit before Working Capital Changes	(62,115)	(50,473)
Adjustments for :-		
Increase Current Liabilities	9,250	48361
(Increase) Current Assets	(1,320)	-
Net changes in working capital	7,930	48,361
Payment of taxes	-	-
Net Cash used in Operating Activities (A)	(54,185)	(2,112)
B Cash flow from Investing Activities	-	-
Net Cash generated / (used) in Investing Activities (B)	-	-
C Cash flow from financing Activities		
Proceeds from issue of equity Shares	-	500,000
Net Cash generated from Financing Activities (C)	-	500,000
Net Increase in Cash & Cash Equivalents (A+B+C)	(54,185)	497,888
Cash and Cash Equivalents at the beginning of the year	497,888	-
Cash and Cash Equivalents at the end of the year	443,703	497,888
	(54,185)	497,888

Notes 1 to 12 form part of Financial Statements

In terms of our report attached.

For N.M. Raiji & Co.

Chartered Accountants

Vinay D Balse

Partner

Membership no: 39434



For and on behalf of the Board

Arun Kumar
Director

Ek Sham
Director

Place: Mumbai

Date *May 23, 2012*

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 so far as they relate to the acquisition of a 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 earning per share is calculated by dividing the net profit after tax for the year attributable to equity shareholder 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 year attributable to equity shareholder of the Company by the weighted Average number of shares outstanding during the year adjusted for the effects of all dilutive potential equity shares

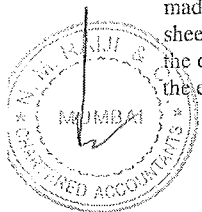
d. Taxation

Income tax comprises of Current Tax, Fringe Benefit 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 year as per the Income tax Act, 1961.

Deferred Tax Assets and Liabilities are recognised for the 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 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 Profit and Loss Account 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 are determined based on the best estimates at the balance sheet date required to settle the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements.



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2. The Company was incorporated under the Companies Act, 1956 on August 26, 2010 vide Registration No U40300MH2010PLC207073 with the primary objective to engage 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). 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. SHARE HOLDER'S 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, 2012		As at March 31, 2011	
	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) Number of Shares

Particulars	Equity shares	
	Number	Amount
Shares Outstanding at the beginning of the period	-	-
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

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

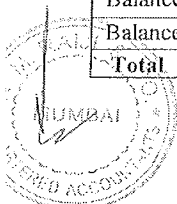
- d) Details of Share holder holding more than five percent shares in the company

Name of the shareholder	Shares	As at March 31, 2012	
		No. of shares held	% of holding
IL&FS Renewable Energy Limited	Equity	49,930	99.86

- e) Reserve and Surplus comprises of

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Balance at the beginning of the period	(50,473)	-
Balance in Statement of Profit and Loss	(62,115)	(50,473)
Total	(112,588)	(50,473)



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

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Loss at the beginning of the period	50,473	-
Loss for the period	62,115	50,473
Total	112,588	50,473

4. 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 comprises of:

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Other Payables		
- Statutory Dues	2,353	25,861
- Others	55,258	22,500
Total	57,611	48,361

5. CASH AND CASH EQUIVALENTS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Balance with banks	435,811	489,846
Cash on Hand	7,892	8,042
Total	443,703	497,888

6. 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)

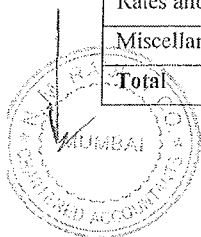
Particulars	As at March 31, 2012	As at March 31, 2011
Prepaid Licence Fees	1,320	-
Total	1,320	-

7. OTHER EXPENSES

Details of Other Expenses are as given below:

(Amount in Rupees)

Particulars	For the period from April 1, 2011 to March 31, 2012	For the period from August 26, 2010 to March 31, 2011
Payments to Auditor		
- As Audit fees	25,000	25,000
Rates and Tax	5,281	25,069
Miscellaneous Expenses	37,115	404
Total	62,115	50,473



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8. 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 from April 1, 2011 to March 31, 2012
Loss after tax	62,115
Weighted average number of Equity Shares in calculating Basic and Diluted EPS	50,000
Basic and Diluted Earning per Share	(1.24)

9. 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".

10. 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

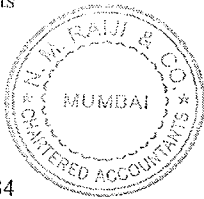
11. In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", deferred tax assets and liability should be recognised for all timing differences in accordance with the said standard. However considering the present financial position and requirement of the said Accounting Standard 22 regarding certainty/virtual certainty, the carried forward losses is not provided for as an asset. However the same will be re-assessed at subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid Accounting Standard Tax Provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for taxes on Income".

12. 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 12 annexed hereto forms part of the Balance Sheet and Statement of Profit and Loss

For N.M. Raiji & Co.
Chartered Accountants

Vinay D Balse
Partner
Membership no: 39434



For and on behalf of the Board

Director

Director

A. Anwar

P. K. Dharam

Place: Mumbai

Date: May 23, 2012

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