INDOSOLAR

11th August, 2012

To
The Assistant Vice President
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Mumbai – 400 050

To
The General Manager
The Bombay Stock Exchange Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Sub.: Unaudited Financial Results and Limited Review Report for the quarter and three months ended 30th June 2012

Dear Sir / Madam

In compliance with Clause 41 of the Listing Agreement, please find enclosed herewith the unaudited financial results for the quarter and three months ended 30th June 2012 as reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 11th August 2012.

Further, in compliance with Clause 41 of the Listing Agreement, please find enclosed herewith the limited review report from the Statutory Auditors on unaudited financial results for the quarter and three months ended 30th June 2012.

As regards para 3 of limited review report management wish to submit that:

There is likelihood of Company incurring certain rent/demurrage expenses towards storage of imported equipment at Delhi and Mumbai. The amount of rent/demurrage expenses would be known only towards the end of August 2012. In the absence of non-crystallization of amount as well as nature thereof, no provision has been made in quarterly results.

This is for your kind information and record, please.

For INDOSOLAR LIMITED

ATUL KUMAR MITTAL
COMPANY SECRETARY

Encl.: As above

INDOSOLAR LIMITED
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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND THREE MONTHS ENDED 30 JUNE 2012

(Rs. in Lakhs)

Sl. No.	Particulars	Quarter ended			Year ended
		Unaudited	Audited*	Unaudited	Audited
		30 June 2012	31 March 2012	30 June 2011	31 March 2012
	Part I				
1	**Income from operations**				
a	Net sales/income from operations (net of excise duty)	7.58	76.73	3,656.69	8,134.26
b	Other operating income	0.08	1.49	96.74	1,063.23
	Total income from operations (net)	**7.66**	**78.22**	**3,753.43**	**9,197.49**
2	**Expenses:**				
a	Cost of materials consumed	(154.47)	30.45	4,425.58	8,611.61
b	Changes in inventories of finished goods and work-in-progress	(127.49)	158.74	2,594.90	4,892.41
c	Employee benefits expense	213.93	239.35	295.50	1,046.95
d	Depreciation and amortisation expense	752.63	944.73	880.09	3,421.76
e	Other expenses	512.51	1,775.18	719.27	6,057.22
	Total expenses	**1,197.11**	**3,148.45**	**8,915.34**	**24,029.95**
3	**Loss from operations before other income, finance cost and exceptional items (1-2)**	**(1,189.45)**	**(3,070.23)**	**(5,161.91)**	**(14,832.46)**
4	Other income	76.57	1,983.67	249.25	521.08
5	**Loss from ordinary activities before finance costs and exceptional items (3+4)**	**(1,112.88)**	**(1,086.56)**	**(4,912.66)**	**(14,311.38)**
6	Finance costs	1,295.41	1,208.50	1,733.18	5,925.09
7	**Loss from ordinary activities after finance cost but before exceptional items (5-6)**	**(2,408.29)**	**(2,295.07)**	**(6,645.84)**	**(20,236.47)**
8	Exceptional items	93.82	921.14	-	-
9	**Profit/(loss) from ordinary activities before tax (7-8)**	**(2,314.47)**	**(1,373.93)**	**(6,645.84)**	**(20,236.47)**
10	Tax expenses	-	-	-	-
11	**Net Profit / (loss) from ordinary activities after tax (9-10)**	**(2,314.47)**	**(1,373.93)**	**(6,645.84)**	**(20,236.47)**
12	Extraordinary items (net of tax expenses)	-	-	(29.17)	-
13	**Net Profit / (loss) after taxes (11-12)**	**(2,314.47)**	**(1,373.93)**	**(6,616.67)**	**(20,236.47)**
14	Paid up equity share capital (Face value-Rs.10/-each)	33,514.40	33,514.40	33,514.40	33,514.40
15	Reserves (excluding revaluation reserve, if any)	-	-	-	(12,517.42)
16	Earning per share (in Rs.) **(not annualised)**				
	Basic	(0.69)	(0.41)	(1.98)	(6.04)
	Diluted	(0.69)	(0.41)	(1.97)	(6.04)
	Part II				
A	**Particulars of Shareholding**				
1	Public shareholding				
	- Number of shares	128,144,030	128,144,030	128,144,030	128,144,030
	- percentage of shareholding	38.24%	38.24%	38.24%	38.24%
2	Promoters and promoter group shareholding				
	a) Pledged/ encumbered				
	- Number of shares	136,885,495	136,885,495	69,812,000	136,885,495
	- percentage of shares (as a % of the total shareholding of promoter and promoter group)	66.13%	66.13%	33.73%	66.13%
	- percentage of shares (as a % of the total share capital of the company)	40.84%	40.84%	20.83%	40.84%
	b) Non encumbered				
	- Number of shares	70,114,502	70,114,502	137,187,997	70,114,502
	- percentage of shares (as a % of the total shareholding of promoter and promoter group)	33.87%	33.87%	66.27%	33.87%
	- percentage of shares (as a % of the total share capital of the company)	20.92%	20.92%	40.93%	20.92%

	Particulars	Quarter ended 30 June 2012
B	**Investor Complaints**	
	Pending at the beginning of the quarter	-
	Received during the quarter	-
	Disposed of during the quarter	-
	Remaining unresolved at the end of the quarter	-

* Figures for the three months ended 31 March 2012 are the balancing figures between audited figures in respect of full previous financial year and the published year to date figures upto the third quarter of the previous financial year. Also, the figures upto the end of the third quarter of the previous financial year were only reviewed and not subject to audit.

INDO SOLAR LIMITED

For and on bahlf of the Board of Directors of
Indosolar Limited

Date : 11 August 2012

Notes to the results for the quarter and three months ended 30 June 2012

1 The Company has incurred significant losses in the current quarter and in the previous years until 31 March 2012. The accumulated losses have resulted in substantial erosion of its net worth. The Solar industry and the Company have undergone turmoil owing to significant downturn in the global market. As a consequence, the Company has been unable to utilise its capacity as the cost of production of solar cells continues to be higher than the prevailing market prices. Management has formulated plans to increase its focus in the domestic market by entering into strategic alliances with module manufacturers that would enable them to participate in the entire supply chain and increase their profitability. The outlook of the industry, especially the domestic market, has shown some signs of recovery. Consequently, management intends to negotiate the prices of solar cells, maintain consistent margins on cells and intends to utilise its capacity to the optimum as a long terms strategy. Further, considering the difficulties the Company has faced during the past one year, it has had its debt restructured in the previous year ended 31 March 2012 as more fully explained in Note 3 below.
Under the debt restructuring package additional credit facilities were sanctioned. In the short term, management has improved collections and is making efforts in monetising some of its receivables. Further, the Company has been able to obtain loan from one of its related party and also has been able to obtain contribution from its promoters. The management believes that it is appropriate to prepare the financial statements on the going concern assumption and accordingly these results do not include any adjustments that might result from the outcome of uncertainties more fully explained in Note 2 below.

2 The Global Photovoltaic sector continues to remain in a structural oversupply in the current quarter ended 30 June 2012, with an estimated capacity likely to be in the region of 50GW with the operating capacity being lower than that. Correspondingly, the demand is estimated at 35GW approximately. It is expected that China, USA, Japan and India shall be the main demand growth drivers in 2012.

The Indian Solar Energy Market has developed over the last few years mainly due the National State Mission ('NSM') and the State Solar programs.

Annual installed capacities/projections are as under:

Year	2009-10	2010-11	2011-12	2012-13	2013-17	2017-22
Capacity in (MW)	5	13	456.55	800 - 1,000	4,000 - 10,000	20,000

(Source: MNRE Website & Wikipedia)

The market size estimates in some of the expert reports (Deustche Bank and McKinsey) suggest that the annual capacity may be much higher compared to the above projections. In the previous year, bidding process conducted by NTPC Vidyut Vyapar Nigam Limited ('NVVN') under National Solar Mission (NSM) had led to a sharper than expected reduction in the Project Costs Assumptions due to aggressive bidding. As a consequence, this had impacted the price points for Solar cells and Modules, that continues to make the economics challenging. Project developers are also facing difficulties in obtaining Financial Closure from Banks for their Projects, which is further delaying the finalization of orders for Solar cells and Modules.

The continuing mismatch between cost and selling prices has resulted in the stoppage of plant from September 2011, which severely impacted the cash flow position of the Company that prompted the filing of a restructuring package with the Corporate Debt Restructuring Cell. In connection therewith, the Company prepared Cash Flow projections after taking into account the current business realities and such cash flows were incorporated in the CDR package which was approved by the consortium of banks. Management has simultaneously implemented operational improvement actions and new initiatives as part of the compensating actions to protect the margins in the context of the current price erosion. The cash flow projections have been prepared with an assumption that the project developers shall be able to achieve financial closures and that the Company shall be able to garner a reasonable share of demand both under NSM and State Solar Missions with sustainable and reasonable gross margins despite low selling prices. The Company's cash flow projections are largely dependent upon the achievement of all these factors.

Management believes that the sector requires significant government support and policy intervention to support the viability of the sector. A few such policy initiatives under active discussion and the outcome of which is awaited at this point in time relate to:

- The Imposition of Anti Dumping Duty on goods from China, Taiwan, Malaysia & USA as per the petition filed by The Solar Manufacturers Association of India on 18th January 2012;
- The continuance and increasing scope of Local Content Requirement ['LCR'] for the PV cells in Phase II of NSM [2013 to 2017]; and
- Commitment of the government to the National Solar Mission and State Solar Missions.

As a result of the above significant uncertainties and possible changes in the business dynamics mentioned above, the outcome of which including consequential impact on the Company's cash flows will be known only in the ensuing period, the cash flows that were prepared by management and as approved by the CDR cell have been considered for impairment assessment. Based on such analysis, the cash flow projections do not indicate impairment as at 30 June 2012. In the previous quarter ended 31 March 2012, impairment charge amounting to Rs. 1,902.34 lakhs recorded in the quarter ended 30 September 2011 was reversed and the effect of such reversal was included in other income in the quarter ended 31 March 2012.

3 As more fully explained in Note 1 and 2 above, the Company witnessed a significant downturn due to weak demand both globally as well as in the domestic market and incurred significant cash and operating losses during the year ended 31 March 2012. As a consequence, the Company requested the Lenders for debt restructuring and the request was referred to the Corporate Debt Restructuring Forum. (hereinafter referred to as the "CDR CELL."). Pursuant thereto, the CDR Empowered Group approved a restructuring package in terms of which the Existing Financial Assistance was restructured and certain additional financial assistance was sanctioned per the Letter of Approval dated 7 March 2012. The Company has accordingly given effect to the CDR scheme in the financial statements. However one of the banks of the consortium group i.e. Indian Bank had not agreed to the CDR package and had not signed the Master Restructuring Agreemen (MRA). The MRA has now been signed by the concerned bank on 5 July 2012.

Under the debt restructuring package, the term loans that existed were restructured whereby the term for repayment has been extended till 31 March 2021, interest rates were reduced to 10.75% per annum. The irregularity that existed in the working capital facilities was carved out and converted into working capital term loan with the repayment commencing from 31 December 2013. In addition the interest on such facilities w.e.f 1 July 2011 till 30 June 2013 shall be funded by way of Funded Interest Term loan which is repayable from 31 December 2013. Further, the Company had obtained additional funding for expansion of its existing manufacturing facility.

In accordance with the CDR scheme the consortium of lenders had waived the obligation of the Company to pay any liquidated damages, default or penal interest / interest / further interest charged by the Lenders in excess of the concensional rates approved under CDR package. Accordingly, the interest charged in excess of the concessional rates for the period from 1 July 2011 till 31 December 2011 amounting to Rs. 921.14 lakhs was credited/ received from the Lenders. The effect of such benefit was included in exceptional item. Further, in the current quarter ended 30 June 2012, appropriate adjustments based on reconciliations have been carried in relation to borrowings from Indian Bank taking the effect of the MRA wherein the excess of interest charged in the period 1 July 2011 to 31 October 2011 amounting to Rs.93.82 lacs has been credited/ received from Indian Bank, the effect of which has been included in exceptional item.

Company Secretary

4 Prior period adjustments:

a. Other operating income includes Rs. 44.36 lakhs in the quarter ended 31 March 2012, representing income recognised on account of duty credit scrip equivalent to 2% of FOB value of exports (including sales made to SEZ units) for the period 27 August 2009 to 31 December 2011. In the annual financial results for the year ended 31 March 2012 such prior period income for the period 27 August 2009 to 31 March 2011 in respect of such export benefits amounted to Rs. 999.78 lakhs.

b. Other expenses for the quarter ended 30 June 2012 includes the effect of credit note adjustments from one of its customers amounting to Rs.106.65 lakhs. In the quarter ended 31 March 2012, 'Other expenses' include Rs. 1,419.73 lakhs towards commission expense incurred relating to the period 1st May 2010 to 31 December 2011. In the annual financial results for the year ended 31 March 2012 such prior period expense for the period 1st May 2010 till 31 March 2011 amounted to Rs 1,163.93 lakhs.

5 Due to continued downturn in the solar industry, finished goods are not able to realise cost and are valued at Net Realisable Value. Accordingly raw materials are also required to be compared with replacement cost and a write down taken where cost exceeds replacement cost. In the current quarter, the prevailing benchmark prices for solar cells and wafers in INR terms as a result of depreciating rupee have increased resulting in an increase in the net realisable value of such inventories as at 30 June 2012. As a consequence, there has been a reversal in the write down recorded as at 31 March 2012 reflected in 'Cost of materials consumed' and 'Change in inventories of finished goods and work-in-progress'.

6 During the quarter ended 31 December 2011, the Company received a loan from a foreign company to satisfy one of the stipulations of CDR package. Such loan is categorised as External Commercial Borrowings in respect of which certain regulatory formalities were to be complied with and clearances were to be obtained prior to the receipt of such loan. Management has compiled the necessary documentation and have filed the application with the Reserve Bank of India on 22 May 2012 for condonation of non compliance with such regulatory requirements.

7 The Company had imported machinery, raw material and incurred other expenses in foreign currency amounting to Rs. 124,066.77 till 30 June 2012. Such machinery and raw material have been imported without payment of customs duty, being an Export Oriented Unit, on the basis of an undertaking given to customs authorities that the Company shall be able to earn a net positive Net Foreign Exchange within ten years from the commencement of its operation. At current quarter end (i.e. after three years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 17,331.57. Management is confident that they would be able to achieve a positive net foreign exchange during the unexpired period.

8 In view of the absence of virtual certainty of realisation of carry forward tax losses/ unabsorbed depreciation in the foreseeable future, deferred tax assets has been recognised to the extent of deferred tax liability

9 The Company has only one single primary business segment viz manufacture and sale of Photovoltaic Solar cells. Therefore, the disclosure requirements of Accounting Standard - 17 "Segment Reporting" prescribed by Companies (Accounting Standard) Rules, 2006 are not applicable.

10 IPO proceeds amounting to Rs.15,580.55 lakhs is paid for acquisition of machineries for Line C, Rs.14,376.56 lakhs have been utilised towards repayment of loans from banks/ use for the operations of the Company and Rs. 3,358.24 lakhs has been used for meeting IPO expenses. This is in accordance with the manner the IPO proceeds could have been utilised as specified in the prospectus. The balance of the IPO proceeds amounting to Rs. 2,384.65 lakhs pending utilisation, has been invested in interest bearing liquid instruments and bank deposits.

11 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 11 August 2012.

For and on bahalf of the Board of Directors of
Indosolar Limited

Managing Director

Date : 11 August 2012
Place : Greater Noida

Company Secretary

B S R and Associates

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

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Review report to the Board of Directors Indosolar Limited

1. We have reviewed the accompanying statement of un-audited standalone financial results ('the Statement') of Indosolar Limited ('the Company') for the quarter ended 30 June 2012, except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding", which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review. Attention is drawn to the fact that the figures for the quarter ended 31 March 2012 as reported in the Statement are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures upto the end of the third quarter of the previous financial year. Also the figures upto the end of the third quarter of the previous financial year had only been reviewed and not subjected to audit.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. *Certain consignments relating to plant and machinery, imported in connection with the expansion of the manufacturing facility, have been lying at the bonded warehouse for a significant period of time in respect of which there is a probable obligation of rent/demurrage expenses however, no accrual of such expense has been made in the books of account. In the absence of any information available or any quantification provided, we are unable to comment on the consequential effect on the financial results for the quarter ended 30 June 2012.*

4. Without qualifying our opinion, attention is invited to note 2, with regard to impairment assessment carried out by management as of 30 June 2012 based on cash flows taking into account the prevailing business realities, the effect of which had been incorporated in the Corporate Debt Restructuring (CDR) package approved by the consortium of banks. Such cash flows do not indicate impairment as at 30 June 2012.

   As elaborated in the note, the achievement of such cash flows is dependent upon sustaining reasonable gross margins despite current low selling prices; ability of project developers reaching financial closure; the Company being able to garner a reasonable share of the demand both under National Solar Missions and State Solar Missions and the ultimate outcome of various policy interventions explained more fully in the note that are required for the viability of the sector. The result of all of the above significant possible changes in the business dynamics and its consequent effect on the Company's cash flows will be known in the ensuing period. Accordingly, the cash

flows that were prepared by management and as approved by the CDR cell have been considered by us for impairment assessment.

5. Based on our review conducted as explained in paras 1 and 2 and *subject to our observation in paragraph 3 above*, nothing has come to our attention that causes us to believe that the accompanying statement of un-audited standalone financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R and Associates**
Chartered Accountants
Firm Registration Number: 128901W

Vikram Advani
Partner
Membership number: 091765

Place: New Delhi
Date: 11 August 2012