**INDOSOLAR LIMITED**
**Regd. Office: C-12, Friends Colony (East), New Delhi-110065**
**STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2013** **(Rs. in Lakhs)**

| Sl. No. | Particulars | 3 months ended | Preceding 3 months ended* | Corresponding 3 months ended in the previous year | Year ended |
|---|---|---|---|---|---|
| | | 30.06.2013 | 31.03.2013 | 30.06.2012 | 31.03.2013 |
| | | Un-audited | Audited | Un-audited | Audited |
| | **Part I** | | | | |
| 1 | **Income from operations** | | | | |
| a | Net sales/income from operations (net of excise duty) | 760.11 | 3,365.91 | 7.58 | 5,311.55 |
| b | Other operating income | 7.85 | 3.65 | 0.08 | 11.79 |
| | **Total income from operations (net)** | **767.96** | **3,369.56** | **7.66** | **5,323.34** |
| 2 | **Expenses:** | | | | |
| a | Cost of materials consumed | 97.03 | 3,781.19 | (154.47) | 5,690.88 |
| b | Purchase of stock in trade | 277.36 | 10.61 | - | 146.37 |
| c | Changes in inventories of finished goods, work-in-progress and stock in trade | (44.99) | 594.40 | (127.49) | (1,087.01) |
| d | Employee benefits expense | 95.00 | 234.06 | 213.93 | 893.25 |
| e | Depreciation and amortisation expense | 752.66 | 1,411.42 | 752.63 | 3,909.78 |
| f | Power and fuel | 43.50 | 480.91 | 28.79 | 1,051.10 |
| g | Foreign exchange loss/(gain) (net) | 561.03 | (127.77) | 227.80 | 103.34 |
| h | Other expenses | 337.58 | 407.06 | 255.92 | 1,430.79 |
| | **Total expenses** | **2,119.17** | **6,791.88** | **1,197.11** | **12,138.50** |
| **3** | **Loss from operations before other income, finance cost and exceptional items (1-2)** | **(1,351.21)** | **(3,422.32)** | **(1,189.45)** | **(6,815.16)** |
| 4 | Other income | 61.36 | 81.49 | 76.57 | 256.90 |
| **5** | **Loss from ordinary activities before finance costs and exceptional items (3+4)** | **(1,289.85)** | **(3,340.83)** | **(1,112.88)** | **(6,558.26)** |
| 6 | Finance costs | 1,914.97 | 1,964.66 | 1,295.41 | 5,924.42 |
| **7** | **Loss from ordinary activities after finance cost but before exceptional items (5-6)** | **(3,204.82)** | **(5,305.49)** | **(2,408.29)** | **(12,482.68)** |
| 8 | Exceptional items gain/ (loss) | - | - | 93.82 | 93.82 |
| **9** | **Loss from ordinary activities before tax (7+8)** | **(3,204.82)** | **(5,305.49)** | **(2,314.47)** | **(12,388.86)** |
| 10 | Tax expenses | - | - | - | - |
| **11** | **Loss from ordinary activities after tax (9-10)** | **(3,204.82)** | **(5,305.49)** | **(2,314.47)** | **(12,388.86)** |
| 12 | Extraordinary items (net of tax expenses) | - | - | - | - |
| **13** | **Loss after taxes (11+12)** | **(3,204.82)** | **(5,305.49)** | **(2,314.47)** | **(12,388.86)** |
| 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) | - | - | - | (24,906.28) |
| 16 | Earning per share (before extraordinary item) (in Rs.) **(not annualised)** | | | | |
| | Basic | (0.96) | (1.58) | (0.69) | (3.70) |
| | Diluted | (0.96) | (1.58) | (0.69) | (3.70) |
| 17 | Earning per share (after extraordinary item) (in Rs.) **(not annualised)** | | | | |
| | Basic | (0.96) | (1.58) | (0.69) | (3.70) |
| | Diluted | (0.96) | (1.58) | (0.69) | (3.70) |
| | **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 | 136,885,495 | 136,885,495 | 136,885,495 | 136,885,495 |
| | - Number of shares | 66.13% | 66.13% | 66.13% | 66.13% |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 40.84% | 40.84% | 40.84% | 40.84% |
| | - Percentage of shares (as a % of the total share capital of the company) | | | | |
| | b) Non encumbered | | | | |
| | - Number of shares | 70,114,502 | 70,114,502 | 70,114,502 | 70,114,502 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 33.87% | 33.87% | 33.87% | 33.87% |
| | - Percentage of shares (as a % of the total share capital of the company) | 20.92% | 20.92% | 20.92% | 20.92% |

*Figures for the three months ended 31 March 2013 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year. Also, the figures upto the end of the third quarter were only reviewed and not subject to audit.

| | Particulars | Quarter ended |
|---|---|---|
| **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 | - |

**For and on behalf of the Board of Directors of**
**Indosolar Limited**

**Date : 13 August 2013**
**Place: New Delhi**

**Managing Director**

1 The Company has incurred significant losses in the current quarter and year ended 31 March 2013 resulting in substantial erosion of its net worth because of which the reference required in case of erosion of more than 50% of peak net worth was made to BIFR on 22 November 2012.

The Solar industry has witnessed turmoil owing to significant downturn in the global market due to structural over supply situation resulting in a significant reduction in prices of PV cells. As a result, the Company has been unable to utilise its capacity as the cost of production of solar cells continued to be higher than the prevailing market prices and the plant has remained shut for a significant part of the quarter and has operated at significantly low levels of capacity utilization for the remaining period. Due to the prevailing conditions, the actual net cash inflows in the current quarter and in year ended 31 March 2013 are significantly lower than the projections for the same period incorporated in the first CDR package. Accordingly, the cash flow projections approved as part of the first CDR package are no longer reliable and future cash flows in the light of prevailing conditions is not determinable. Due to continued liquidity issues, the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited.

Results of key policy decisions necessary for the revival of the sector remain unknown at present. Some of these relate to: a) the imposition of Anti Dumping Duty per the application filed by Solar Manufacturers Association of India dated 18th January 2012; b) domestic content requirements for thin film technology; c) Incentivisation programme for solar projects; and d) eligibility of the Company for certain capital incentives. However, it is noteworthy that Anti Dumping Duty has been imposed by USA in 2012 and by EU in 2013

Overall the short term liabilities exceed the short term assets by Rs. 7,371.77 lakhs. Also, as per the terms of Corporate Debt Restructuring package an amount of Rs. 2,281.89 lakhs representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan shall become payable in the year ending 31 March 2014. Further, there is a quarterly interest thereon which shall become payable from the beginning of the quarter ending 30 September 2013.
The above factors create multiple uncertainties and the effect thereof on the financial results, if any, is not ascertainable.

2 The Company had been awarded a turnkey contract by MP Urja Vikas Nigam Limited (MP Urja) for setting up of 1530KW (in aggregate) SPV Power Plants with a capacity ranging between 10-50 KW per plant, vide letter of intent dated 12 September 2012, through a tender process during the quarter ended 31 December 2012. The contract included design, engineering, supply, installation and commissioning and interfacing of Solar Photovoltaic Power Plants (SPVPP) with 5 years Warranty Cum Comprehensive Maintenance Contract (CMC). The contract was required to be executed till 30 June 2013. However, the Company has executed 75 KW until 30 June 2013. Also, the Company has filed an application in the current quarter seeking extension with MP Urja for completion of the unexecuted work. The contract stipulates a penalty if there is a delay in completing the work order that can extend to a maximum of 10 % of the order value and in the event of delay beyond 10 weeks, MP Urja has the authority to cancel the contract. The likely impact of the loss or damage due to inability or delay to complete the orders by the Company is not quantifiable as the final outcome thereof, is uncertain and the same shall crystallise only after the completion of discussion and necessary clearances from the necessary authorities.

3 The Company has incurred expenses in foreign currency (including amortisation of imported machinery) amounting to Rs. 102,762.98 lakhs till 31 March 2013. Such machinery and raw material have been imported and cleared duty free, 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 four years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 22,944.99 lakhs. As explained in Note 1 above, the ability of the Company to meet its export obligations over the next 6 years is dependent on various factors which have created multiple uncertainties, the effect of which if any, is not ascertainable.

4 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.

5 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.

6 IPO proceeds amounting to Rs.15,580.55 lakhs is paid for acquisition of machineries for Line C, Rs.14,386.21 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. 2,375.00 lakhs pending utilisation, has been invested in interest bearing liquid instruments and bank deposits.

7 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13 August 2013. The statutory auditors of the Company have carried out the limited review of the financial results for the quarter ended 30 June 2013 and have modified the report in relation to the following matters: Treatment of demurrage charges amounting to Rs. 1,365.94 lakhs; multiple uncertainties due to various factors resulting in inability to provide a basis for opinion. The same has been filed with the stock exchange and is available on the website of the Company.

**For and on behalf of the Board of Directors of**
**Indosolar Limited**

**Date : 13 August 2013**
**Place : New Delhi**

**Managing Director**

B S R and Associates

Chartered Accountants

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DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

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**Review report to the Board of Directors Indosolar Limited**

1. We were engaged to review the accompanying statement of un-audited standalone financial results ('the Statement') of Indosolar Limited ('the Company') for the quarter ended 30 June 2013, 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.

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, had been lying at the bonded warehouse for a significant period of time until 31 March 2012. In the previous year ended 31 March 2013, such machinery had been removed and demurrage/ detention charges were paid at the time of such removal amounting to Rs.1,365.93 lakhs and the same has been considered as part of the cost of acquisition of an asset and capitalised under capital work-in-progress accordingly, as at 31 March 2013. Management is of the view that such expenses are directly attributable to bringing the machinery to its current location and condition and should be capitalized.*

   *However, we are of the view that such charges should be treated as an expense and accordingly should not be capitalized as they cannot be considered as a cost that is directly attributable for getting the asset ready for its intended use in accordance with the requirements of AS 10 "Accounting for fixed assets". Had the Company accrued for such demurrage/ detention charges, other expense (reflected as a prior period charge) would have been higher by Rs.1,365.93 lakhs and the loss for the quarter ended 30 June 2013 would have been higher by the corresponding amount. This was also the subject matter of a qualification in the previous quarter.*

4. *Attention is invited to note 1, which explains in detail the substantial erosion of net worth as at 31 March 2013 because of which the reference required in case of erosion of more than 50% of peak net worth was made to BIFR in the year ended 31 March 2013 and also explains the multiple uncertainties being faced by the Company. 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, accordingly the plant has either remained shut for a significant part of the current quarter/ year ended 31 March 2013 or has operated at significantly low levels of capacity*

*utilization for the remaining period ofthe current quarter /year ended 31 March 2013 Key policy decisions such as those relating to imposition of Anti Dumping Duty, Local Content requirement and Company's eligibility for certain incentives remain unresolved.*

*The actual net cash inflows during the current quarter and in the year ended 31 March 2013 are significantly lower than the projections for the same period incorporated in the first CDR package. Accordingly, the cash flow projections approved as part of that CDR package can no longer be relied upon. Due to continued liquidity issues the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited.*

*Overall the short term liabilities exceed the short term assets by Rs.7,371.77 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 2,281.89 lakhs, representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan together with quarterly interest thereon shall become payable in the year ending 31 March 2014.*

*The above factors create multiple uncertainties and we are unable to determine their possible effects on the financial statements. We are also unable to conclude on the ability of the Company to carry on as a going concern.*

5. *Because of the significance of the matters described in paragraph 4 above, specifically relating to the multiple uncertainties created due to various factors such as response of banks to the application filed for a 2nd Corporate Debt Restructuring; key policy initiatives of the government relating to anti dumping duty and local content requirement; we are unable to state as to whether the accompanying statement of unaudited financial results has been prepared in accordance with accounting standards notified pursuant to Companies (Accounting Standards) Rules, 2006 and other recognised accounting practices and policies or that the unaudited financial results are free of material misstatement or state whether the unaudited financial results are presented in accordance with the requirements of Clause 41 of the Listing Agreement.*

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

**Vikram Advani**
Partner
Membership number: 091765

Place: New Delhi
Date: 13 August 2013