INDOSOLAR LIMITED
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Statement of Audited Results for the Quarter and Year ended 31 March 2016 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year ended	Previous Year ended
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
	(Refer Notes below)	Audited *	Un-audited	Audited *	Audited	Audited
1	**Income from Operations**					
a	Net sales/income from operations (net of excise duty)	9,946.05	7,959.16	14,373.09	25,740.93	29,193.27
b	Other operating income	3.93	1.31	390.33	27.18	404.01
	Total income from Operations (net)	**9,949.98**	**7,960.47**	**14,763.42**	**25,768.11**	**29,597.28**
2	**Expenses**					
a	Cost of Materials consumed	8,139.09	5,359.69	8,897.98	18,778.14	18,542.47
b	Purchase of stock in trade	114.36	54.80	-	302.35	326.01
c	Changes in inventories of finished goods and stock in trade	(173.91)	517.01	1,024.44	72.33	986.11
d	Employee benefits expense (Refer note 8)	54.53	323.90	389.35	1,037.88	1,038.53
e	Depreciation and amortisation expense	644.13	708.61	714.40	2,657.08	2,698.34
f	Power and fuel	477.87	422.71	484.47	1,598.95	1,706.67
g	Other expenses	1,141.03	773.69	823.91	3,143.53	2,224.89
	Total Expenses	**10,397.10**	**8,160.41**	**12,334.55**	**27,590.26**	**27,523.02**
3	**Profit/(Loss) from operations before other income, finance costs (1-2)**	**(447.12)**	**(199.94)**	**2,428.87**	**(1,822.15)**	**2,074.26**
4	Other income	197.48	26.22	102.49	215.91	392.16
5	**Profit/(loss) from ordinary activities before finance costs (3+4)**	**(249.64)**	**(173.72)**	**2,531.36**	**(1,606.24)**	**2,466.42**
6	Finance costs	2,727.92	3,657.15	2,450.45	12,520.96	10,283.43
7	**Profit/(Loss) from ordinary activities before tax (5-6)**	**(2,977.56)**	**(3,830.87)**	**80.91**	**(14,127.20)**	**(7,817.01)**
8	Tax expense	-	-	-	-	-
9	**Net Profit/(loss) after tax (7-8)**	**(2,977.56)**	**(3,830.87)**	**80.91**	**(14,127.20)**	**(7,817.01)**
10	Paid-up equity share capital (Face value of the share-Rs.10 each)	35,813.00	35,813.00	35,813.00	35,813.00	35,813.00
11	Reserves (excluding revaluation reserve, if any)				(60,591.77)	(46,464.57)
12	Basic and Diluted Earnings per share (of Rs.10/- each) **(not annualised)**	(0.83)	(1.07)	0.02	(3.94)	(2.26)

* Figures for the 3 months ended 31 March 2016 and 31 March 2015 respectively are the balancing figures between audited figures in respect of 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 third quarter were only reviewed and not subjected to audit.

Standalone Statement of Assets and Liabilities **(Rs. in Lakhs)**

	Particulars	Audited As at 31 March 2016	Audited As at 31 March 2015
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' funds**		
	(a) Share capital	36,763.00	36,763.00
	(b) Reserves and surplus	(60,591.77)	(46,464.57)
	Sub-total - Shareholders' funds	**(23,828.77)**	**(9,701.57)**
2	**Non-current liabilities**		
	(a) Long-term borrowings	49,319.79	59,776.34
	(b) Long-term provisions	28.62	25.57
	Sub-total - Non-current liabilities	**49,348.41**	**59,801.91**
3	**Current liabilities**		
	(a) Short-term borrowings	6,892.38	8,739.12
	(b) Trade payables	3,781.95	1,131.02
	(c) Other current liabilities	73,997.91	52,495.53
	(d) Short-term provisions	25.67	12.24
	Sub-total - Current liabilities	**84,697.91**	**62,377.91**
	Total - Equity and liabilities	**110,217.55**	**112,478.25**
B	**ASSETS**		
1	**Non-current assets**		
	(a) Fixed assets	104,201.69	104,416.03
	(b) Long-term loans and advances	827.10	943.17
	(c) Other non-current assets	146.40	205.41
	Sub-total - Non-current assets	**105,175.19**	**105,564.61**
2	**Current assets**		
	(a) Inventories	2,633.90	2,223.70
	(b) Trade receivables	348.78	156.54
	(c) Cash and cash equivalents	83.92	2,450.88
	(d) Short-term loans and advances	1,926.32	2,029.92
	(e) Other current assets	49.44	52.60
	Sub-total - Current assets	**5,042.36**	**6,913.64**
	Total - Assets	**110,217.55**	**112,478.25**

Notes to the audited results for the Quarter and Year ended 31 March 2016

1. The Company has continued to incur losses in the current quarter and year to date 31 March 2016 resulting in further erosion of its net worth which had already been fully eroded during the year ended 31 March 2014. Accordingly the Company had, during the year ended 31 March 2015, made reference to Board of Industrial and Financial Reconstruction (BIFR) vide its letter dated 25 November 2014 in accordance with the requirements of Sick Industrial Companies Act, 1985.

   The Company had received a letter from BIFR stating that the product "SOLAR PHOTOVOLTAIC CELL" manufactured by the Company does not feature in the first schedule of Industries Development and Regulation Act, 1951. However, the Company had submitted that such product is covered under the heading 5(1) of the first schedule of Industries Development and Regulation Act, 1951. No further communication has been received from BIFR till date.

   As on 31 March 2016, the current liabilities exceed the current assets by Rs 79,472.87 lakhs, including an amount of Rs. 59,444.59 lakhs which is payable as per the terms of the first Corporate Debt Restructuring (CDR) package. Further, an amount of Rs. 10,077.50 lakhs will become payable by 31 March 2017. The above mentioned current liabilities includes, outstanding liabilities for purchase of raw material and capital goods amounting to Rs. 6,452.78 lakhs. Due to continued liquidity issues, the Company had approached the bankers for a second Corporate Debt Restructuring Packageon the basis of a techno economic viability study conducted by an external expert. Consortium bankers in their joint lenders meeting has decided that banks' are not considering second restructuring proposal as of now and exploring the possibility of sale to Asset Restructuring Company and/or to invoke change in management.

2. The Solar industry has witnessed turmoil owing to significant downturn in the global market due to structural over supply situation. However, the domestic market as a result of several government initiatives to enhance solar power capacity in India has been showing an upturn off late. The Company which had not been able to utilize its capacity for significant part of last four years, had recommenced the commercial production from August 2015. Based on orders in hand of approximately 71 MWas on 31 March 2016, the Company expects to operate at the significant level of capacity at least till July 2016.

   During the quarter, World Trade Organization (WTO) issued the ruling against India's Solar Policy to promoted domestically manufactured power equipment. Government of India has filed an appeal against the said ruling. However, in management's view, the ruling of WTO is not applicable in case of government purchases. Accordingly, the government is issuing tenders through Public Sector Undertakings to support domestic manufacturers and till date has issued tenders for supply of 2,557 MW to be installed within a period of one year. The management believes that in light of these tenders, the Company will be able to utilise significant capacity for the year ending 31 March 2017.

3. The Company’s claim to its being eligible for certain capital incentives has been ordered in favour of the Company by the High Court of Delhi directing the concerned authorities to recalculate the threshold limit within four weeks from the date of the order (i.e. 3 July 2015). In the absence of timely response by the department, the Company filed contempt petition in High Court of Delhi and the court again directed the department to comply with the order dated 3 July 2015 within a period of six weeks from 11 May 2016 and fixed next date of hearing on 5 August 2016.

   Concerned authorities had also moved an appeal to the Double Bench of High Court of Delhi against the order dated 3 July 2015 of High Court of Delhi for which next date of hearing is 14 July 2016.

   The entitlement of the capital incentive will be known after the decision of the court in the above cases.

Considering the domestic content requirements as put out in the guidelines and other expression of interests issued by certain Public Sector Units, procurement of recent orders and resumption of production in the second quarter, a techno economic viability conducted by an external expert which forms the basis of the application for seeking a second Corporate Debt Restructuring package (refer note 1 above for current position) and favorable decision of the High Court of Delhi in relation to the Company's eligibility for certain capital incentive, management believes that there is no impairment in respect of the carrying value of its fixed assets including capital work in progress as at 31 March 2016 and that it is appropriate to prepare the accounts on a going concern basis.

4. The Company had been awarded a turnkey contract by MP Urja Vikas Nigam Limited (MP Urja) for setting up of 3MW (in aggregate) SPV Power Plants.In accordance with the stipulated terms of the contract, the Company has deposited earnest money deposit (EMD) amounting to Rs. 60.10 lakhs. Out of the total contract, work orders aggregating to 1.6 MW amounting to Rs. 2,914.13 lakhs was raised on the Company that was required to be executed till 30 June 2013. The Company has raised the bills for having completed 0.1 MW (5 sites) until 31 March 2014 and the dues outstanding in relation to the executed portion amounts to Rs. 177.23 lakhs. The Company had also filed an application seeking extension with MP Urja for completion of the unexecuted work. Company received a final notice from MP Urja rejecting the extension plea and deciding to cancel the work order (other than the 3 sites considered completed by MP Urja) given to the Company alongwith the forfeiture of EMD and imposition of penalty due to the non-compliance by the Company.

   The Company is contesting the MP Urja claims citing logistical issues, delay in handing over the sites and delays in issuing site completion reports by MP Urja and has requested to recall the notice for cancellation of work orders and has further requested to allow the Company to complete the pending work allocated. The Company is under final negotiation with the department and believes that the matter will be resolved within financial year 2016-17 and outstanding amount will be realised after adjusting some amount of penalties which is not yet ascertained. As a consequence, the impact of the (a) loss or damage due to the action that MP Urja may take; (b) the outcome of the final notice issued, that may include forfeiture of EMD, adjusting the dues against any loss or damage and levy of penalty, and (c) the Company's inability to complete the order within the stipulated time period, is uncertain and the same shall crystallize only on the conclusion of discussion and the actions that the authorities may take against the Company.

5. The Company has incurred expenses in foreign currency amounting to Rs.137,251.53 lakhs (including amortisation of imported machinery)till 31 March 2016. Being an Export Oriented Unit, the Company had imported such machinery and raw material without payment of customs duty, on the basis of an undertaking given to Special Economic Zone that the Company shall be able to earn a positive Net Foreign Exchange (NFE) within ten years from the commencement of its operations (i.e.16 July 2009). As at 31 March 2016, the Company has a negative Net Foreign Exchange Earnings of Rs. 3,478.40 lakhs.

   During the year ended 31 March 2015, the Company had filed an appeal before the relevant authorities to consider the DTA sale of 3,864.89 lakhs made in the earlier years to consider as eligible sale for calculation of NFE under para 6.9 (f) of Foreign Trade Policy (FTP) in place of para 6.8 of FTP. Further it has been noticed that: i) while submitting the APR of 2011-12 and 2012-13, the Company had erroneously considered the domestic purchase of Rs. 331.07 lakhs as imported purchase resulting thereby higher forex outflow ii) while submitting the APR of 2009-10, the Company had considered full year amortisation of capital expenditure instead of calculating the same from the date of start of commercial production resulting into higher amortisation of Rs.1,409.07 lakhs which was considered as forex outflow in that year. If the appeal is accepted, and the impact of above referred correction is recognized, the NFE as on 31 March 2016 would have been positive by Rs. 2,126.16lakhs.

As explained in Note 1 above, the ability of the Company to meet its export obligations over the next 3 years is dependent on various factors which have created multiple uncertainties, the effect of which, is not ascertainable at present.

6. The Company has only one single primary business segment viz manufacture and sale of Photovoltaic Solar cells & Modules. Therefore, the disclosure requirements of Accounting Standard - 17 "Segment Reporting" specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 are not applicable.

7. The solar cell manufacturing line includes a process called Light Induced Plating (LIP) currently not utilized fully to conserve the cost of operation. The Company's technology partner is upgrading the process technology which shall enable full utilization of LIP giving better solar cell efficiency at lower cost. The original cost of these equipments was Rs. 4,492.67 lakhs and present WDV as on 31 March 2016 is Rs. 2,946.09 lakhs. In view of the plans to utilize the machinery in the near future post the development of the necessary technology, the management considers it appropriate that there is no impairment in respect of the said asset.

8. The Company has accrued/paid managerial remuneration which was in excess of the limits specified in Schedule V read with Section 197 of the Companies Act, 2013. The Company had filed applications with the Central Government for regularizing the payments of managerial remuneration. Subsequent to the year end, the Company received letters from Central Government rejecting such applications. Accordingly, the Company has recovered the managerial remuneration paid in current year of Rs. 184.99 lakhs and in previous year of Rs. 147.84 lakhs by adjusting the payable balances of directors. The recovered amount has been netted off from employee benefit expenses for the quarter ended 31 March 2016.

9. Interest on borrowing has been accrued as per the interest rates approved under CDR package I. However, actual interest may vary after finalisation of proposals under consideration by the Consortium banks.

10. The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 30 May 2016. The same has been filed with the stock exchange and is available on the website of the Company.

11. Previous period's amounts have been regrouped/reclassified to conform to current period's classification.

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

Date: 30 May 2016
Place: Greater Noida

H.R. Gupta
Managing Director
DIN: 00297722

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Auditor's Report on Quarterly and Year to date financial results of Indosolar Limited pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Indosolar Limited

1. We have audited the accompanying Statement of Financial Results ("the Statement") of Indosolar Limited ('the Company') for the year ended 31 March 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015. This Statement has been prepared on the basis of annual financial statements, which is the responsibility of the Company's management and approved by the Board of Directors of the Company. Our responsibility is to express an opinion on this Statement based on our audit of such annual financial statements, which has been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provide reasonable basis for our qualified opinion.

3. We draw attention to the fact that the figures for the quarter ended 31 March 2016 and corresponding quarter in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the end of the third quarter of the relevant financial year. Also, the figures up to the end of the third quarter ended 31 December 2015 has been subjected to review.

4. Attention is invited to the following developments as explained in detail in the notes to the financial results:

   (a) The Company has continued to incur significant losses in the current quarter and year to date resulting in further erosion of its net worth which had already been fully eroded during the year ended 31 March 2014. Further, the Company has not met its liabilities due on the first corporate debt restructuring package (Rs. 59,444.58 lakhs) and on account of purchase of materials and capital goods (Rs. 6,452.78 lakhs). Further, an amount of Rs. 10,077.50 lakhs will become payable by 31 March 2017. Due to continued liquidity issues, the Company approached the consortium bankers for a second corporate debt restructuring package on the basis of a techno economic viability study conducted by an external expert. Consortium bankers in their joint lenders meeting has decided that banks' are not considering second restructuring proposal as of now and exploring the possibility of sale to Asset Restructuring Company and/or to invoke change in management. (Note 1)

   (b) As per the Company, despite significant downturn in global market, as a result of several initiatives by Government of India, the domestic market has been showing an upturn of late resulting in the Company getting orders and hence continuation of commercial production. Based on the current orders in hand (approx. 71 MW), the Company expects to operate at the significant level of capacity till July 2016. The note of the Statement also expands on certain measures taken/expected to be announced by the Government to support domestic manufacturers in India including the domestic content requirement etc. (Note 2)

   (c) The Company's claim to it being eligible for certain capital incentives is still under litigation and the outcome will be known upon the conclusion of the litigation. (Note 3)

   (d) The dispute with MP Urja regarding the turnkey contract and the likely impact of the customers claim is uncertain. (Note 4)

   (e) The Company has not been able to meet its commitment to Special Economic Zone on the basis of which the Company imported certain raw materials and machinery without payment of customs duty. (Note 5)

   On the basis of the overall evaluation of the above factors and considering the domestic content requirements and other expression of interests issued by certain Public Sector Units, procurement of recent orders and resumption of production in the second quarter of year ended 31 March 2016, a techno economic viability conducted by an external expert which forms the basis of the application for seeking a second Corporate Debt Restructuring package and favorable decision of the High Court of Delhi in relation to the Company's eligibility for certain capital incentive, management believes that there is no impairment in respect of the carrying value of its fixed assets including capital work in progress as at 31 March 2016 and that it is appropriate to prepare the accounts on a going concern basis.. In our view, the full erosion of net worth, inability of the Company to meet certain material liabilities and commitments, the fact that the impact of the government decisions would be known only in future, the uncertainty of outcome of claims, uncertainty regarding the second corporate debt restructuring and uncertainty on the ability of the Company to meet its export obligations create material uncertainties. Therefore, the quantum of impairment in respect of carrying value of fixed assets cannot be determined at present and material uncertainties exist regarding the use of going concern assumption in preparing the Statement.

5. Subject to our comments in paragraph 4 above which highlight material uncertainties, the impact of which is currently not ascertainable including the ability of the Company to continue as a going concern, in our opinion and to the best of our information and according to the explanation given to us, the Statement:

   (i) is presented in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

   (ii) give a true and fair view of the net loss and other financial information for the quarter and year ended 31 March 2016.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership number: 094549

Gurgaon
30 May 2016