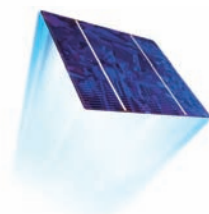




# 7th ANNUAL REPORT 2011-2012



**iNDOSOLAR**™  
L I M I T E D

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Bhushan Kumar Gupta	Executive Chairman-Promoter
Mr. Hulas Rahul Gupta	Managing Director-Promoter
Mr. Anand Kumar Agarwal	Whole Time Director
Mr. Gautam Singh Kuthari	Non-Executive Independent Director
Mr. Arun Kumar Gupta	Non-Executive Independent Director
Mr. Gurbaksh Singh Vohra	Non-Executive Independent Director

### **STATUTORY AUDITORS**

B S R and Associates  
Chartered Accountants  
Building No.-10, 8th Floor,  
Tower-B, DLF Cyber City, Phase-II,  
Gurgaon-122002

### **REGISTERED OFFICE**

C-12, Friends Colony (East), New Delhi-110065  
Tel. No.: +91-11-26841375, Fax No.: +91-11-26843949  
E. Mail : atul.mittal@indosolar.co.in  
Website: www.indosolar.co.in

### **COST AUDITORS**

M/s Kabra & Associates  
Cost Accountants  
552/1B, Arjun Street, Main Vishwas Road,  
Vishwas Nagar, Delhi-110032

### **CORPORATE OFFICE CUM FACTORY**

3C/1, Ecotech-II, Udyog Vihar,  
Greater Noida - 201306,  
Uttar Pradesh  
Tel. No.: +91-120-4762500,  
Fax No.: +91-120-4762525

### **BANKERS**

Union Bank of India  
Andhra Bank  
Bank of Baroda  
Corporation Bank  
Indian Bank

### **REGISTRAR AND SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
A-40, 2nd Floor, Naraina Industrial Area-II, New Delhi-110028  
Tel. No.: +91-11-41410592-94, Fax No.: +91-11-41410591  
E Mail: delhi@linkintime.co.in  
Website: www.linkintime.co.in

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**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF INDOSOLAR LIMITED WILL BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2012 AT 10.00 A.M. AT SURYA GARDEN, PALLA BAKHTAWARPUR ROAD, VILLAGE-ALIPUR, DELHI – 110 036 TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on 31st March, 2012 together with Notes, Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gautam Singh Kuthari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s B S R and Associates, Chartered Accountants, Gurgaon as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
**“RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Mr. Arun Kumar Gupta be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
**“RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Mr. Gurbaksh Singh Vohra be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:  
**“RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Bhushan Kumar Gupta be and is hereby re-appointed as the Executive Chairman of the Company with effect from 26th September, 2012 for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015 at the same remuneration which he was getting earlier as mentioned below:

**PART – A**

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1.	Salary	Rs. 48,00,000/- per annum
<b>TOTAL</b>		<b>Rs. 48,00,000/- PER ANNUM</b>

**PART – B**

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961; and
- b) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service.

**PART – C**

Provision of car with a Driver for use on Company’s business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be payable to Mr. Bhushan Kumar Gupta, Chairman, as the minimum remuneration in the event of loss and /or inadequacy of profits in any of the financial year during his tenure as Chairman of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all the necessary steps in this regard.”

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Hulas Rahul Gupta be and is hereby re-appointed as the Managing Director of the Company with effect from 26th September, 2012 for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015 at the same remuneration which he was getting earlier as mentioned below:

**PART – A**

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1.	Salary	Rs. 48,00,000/- per annum
<b>TOTAL</b>		<b>Rs. 48,00,000/- PER ANNUM</b>

**PART – B**

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961; and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**PART – C**

Provision of car with a Driver for use on Company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be payable to Mr. Hulas Rahul Gupta, Managing Director, as the minimum remuneration in the event of loss and /or inadequacy of profits in any of the financial year during his tenure as Managing Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all the necessary steps in this regard.”

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Anand Kumar Agarwal be and is hereby re-appointed as the Whole Time Director of the Company with effect from 26th September, 2012 for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015 at the same remuneration which he was getting earlier as mentioned below:

**PART – A**

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1.	Salary	Rs. 24,00,000/- per annum
2.	House Rent Allowance	Rs. 14,40,000/- per annum
3.	Medical Reimbursement for self and family members	Rs. 2,00,000/- per annum
4.	Ex-Gratia	Rs. 4,80,000/- per annum
<b>TOTAL</b>		<b>Rs. 45,20,000/- PER ANNUM</b>

**PART – B**

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961;
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- Encashment of leave at the end of the tenure.

**PART – C**

Provision of car with a Driver for use on Company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

**RESOLVED FURTHER THAT** the aforesaid remuneration shall be payable to Mr. Anand Kumar Agarwal, Whole Time Director, as the minimum remuneration in the event of loss and /or inadequacy of profits in any of the financial year during his tenure as Whole Time Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all the necessary steps in this regard.”

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and further subject to the provisions of SEBI (ICDR) Regulations, 2009 and Listing Agreement entered into by the Company with the Stock Exchanges, the Authorized Share Capital of the Company of Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten) each be and is hereby reclassified into Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores) divided into 40,00,00,000 (Forty Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,00,00,000 (Ten Crores) Preference Shares of Rs. 10/- (Rupees Ten) each.

**RESOLVED FURTHER THAT** pursuant to section 16 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby altered and substituted as under:

V. The Authorized Share Capital of the Company is Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores) divided into 40,00,00,000 (Forty Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,00,00,000 (Ten Crores) Preference Shares of Rs. 10/- (Rupees Ten) each.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds and things, execute documents and make all filings, as may be necessary, desirable or expedient to give effect to the above resolution.”

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 80, 81, 106 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments and bodies as may be required and subject to such terms and conditions, alteration and modifications as may be considered appropriate and agreed to by the Board of Directors of the Company or Committee thereof constituted for this purpose (hereinafter referred to as the “Board”), consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches upto 1,00,00,000 Redeemable Non Convertible Non Cumulative Preference Shares of face value of Rs.10/- each (“Preference Shares”) out of the authorized share capital of the Company aggregating upto Rs. 10 Crores, at par or at premium or at such price or prices, to various persons/entities including, but not limited to, Promoters / Promoter Group whether or not they are member(s) of the Company, with such rights and privileges and on such terms and conditions as to the rate of dividend, redemption period, manner of redemption, amount of premium on redemption, if any, and to modify, alter and re-set all or any of the said terms from time to time, as the Board may at its absolute discretion deem appropriate.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

By Order of the Board of Directors  
**For INDOSOLAR LIMITED**

Place : Greater Noida  
Date : 11.08.2012

**A.K. MITTAL**  
(Company Secretary)

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE AT THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LATER THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. A form of proxy is enclosed.
3. The Explanatory Statement setting out the material facts in respect of the Special Business is enclosed to the notice.
4. The register of members and share transfer books of the Company will remain closed from Monday, 17th September, 2012 till Saturday, 29th September, 2012 (both days inclusive).
5. While members holding shares in physical form may write to the Company's Registrar and Share Transfer Agents for any change in their addresses or other updation, members holding shares in electronic form may write to their depository participants for required updation.
6. Members / proxies are requested to bring duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.
7. The documents relating to above businesses are available for inspection from 11.00 a.m. to 1.00 p.m. at the Registered Office of the Company till the conclusion of the Annual General Meeting.
8. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that a Company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings through their depository participants. Members who hold shares in physical form are requested to intimate their e-mail addresses to the Company's Registrar and Share Transfer Agents at their dedicated e-mail ID, i.e. [indosolargogreen@linkintime.co.in](mailto:indosolargogreen@linkintime.co.in), in case the members wish to avail the aforesaid facility.
9. **Appointment/Re-appointment of Directors**

The details of Directors to be re-appointed at the ensuing Annual General Meeting are produced below in terms of Clause 49 of the Listing Agreement:

**Mr. Gautam Singh Kuthari**, aged about 53 years holds a bachelor's degree in commerce from the Delhi University. He has business experience spanning 33 years in various fields such as textile, soft drinks, advertisements, film making, international commodity trading, fast moving consumer goods, ship breaking, lighting to Metal Finishing Industry.

Mr. Gautam Singh Kuthari is an Independent and Non-Executive Director of the Company. He is the Chairman of Investors' Grievance Committee and Share Transfer Committee and member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company. Mr. Kuthari is also on the Board of Assam Textile Mills (P) Ltd. and Aesthetic Trade Links (P) Ltd. He is not holding any shares in the Company as on 31st March, 2012.

**Mr. Arun Kumar Gupta**, aged about 62 years holds a bachelors' degree in commerce from Sri Ram College of Commerce, New Delhi. He is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He was nominated to the Central Council of Institute of Chartered Accountants of India during 1992-1995. He has extensive experience in practice of Corporate Laws, Tax Law, International Arbitration MIS, Mergers and Acquisitions, Corporate Restructuring & Planning, Foreign Collaborations, Banking & Loan Syndications, Audits both Internal & External.

Mr. Arun Kumar Gupta is an Independent and Non-Executive Director of the Company. He is the Chairman of Audit Committee and member of Remuneration Committee of the Board of Directors of the Company. Mr. Gupta is also on the Board of Ahluwalia Contracts (India) Limited, Ahlcon Parenterals (India) Limited and Satia Synthetics Limited. Further, Mr. Gupta is the Chairman of Audit Committee of Ahluwalia Contracts (India) Limited, Chairman of Audit Committee of Ahlcon Parenterals (India) Limited and member of Audit Committee of Satia Synthetics Limited. He is not holding any shares in the Company as on 31st March, 2012.

**Mr. Gurbaksh Singh Vohra**, aged about 63 years holds a bachelors' degree in commerce from Delhi University. He has an experience of over 30 years in Accounts, Finance and Administration.

Mr. Gurbaksh Singh Vohra is an Independent and Non-Executive Director of the Company. He is the member of Audit Committee and Chairman of Remuneration Committee of the Board of Directors of the Company. He is not a Director in any other Company. He is holding 1 equity share in the Company as on 31st March, 2012.

**Mr. Bhushan Kumar Gupta**, aged about 76 years is a Canadian national and holds a Canadian passport. He is an entrepreneur. He holds wide experience in various industries, including lamp manufacturing industry in which he has around 20 years of experience. He has also promoted Halonix Limited, where he acted as its managing director and Chairman.

Mr. Bhushan Kumar Gupta is an Executive Chairman on the Board of the Company. He is the Chairman of the Sub-Committee of the Board of Directors of the Company. He is not a Director in any other Company. He is holding 5,65,00,001 equity shares in the Company as on 31st March, 2012.

**Mr. Hulas Rahul Gupta**, aged about 53 years is a British national and holds a British passport. He holds a bachelor's degree in business administration from Concordia University, Montreal (Canada). He has wide experience in various industries, including lamp manufacturing industry in which he has around 20 years of experience. He was instrumental in the phenomenal growth of his previous venture Halonix Limited as its Managing Director.

Mr. Hulas Rahul Gupta is the Managing Director on the Board of the Company. He is the member of the Investors' Grievance Committee, Share Transfer Committee and Sub-Committee of Board of Directors of the Company. He is not a Director in any other Company. He is holding 8,03,85,494 equity shares in the Company as on 31st March, 2012.

**Mr. Anand Kumar Agarwal**, aged about 63 years holds a bachelor's degree in commerce from Shri Ram College of Commerce, New Delhi. He has long and varied business experience of over 36 years in the field of sales, finance, taxation, legal, business administration and planning. Prior to joining Indosolar, he was a director in Halonix Limited from March 26, 1991 to January 28, 2008.

Mr. Anand Kumar Agarwal is the Whole Time Director on the Board of the Company. He is the member of the Investors' Grievance Committee and Sub-Committee of Board of Directors of the Company. He is not a Director in any other Company. He is holding 1,48,923 equity shares in the Company as on 31st March, 2012.

### **The Explanatory Statement as required under section 173(2) of the Companies Act, 1956**

#### **Item No. 4**

Mr. Arun Kumar Gupta has been appointed as an Additional Director of the Company with effect from 14th February, 2012 and in terms of section 260 of the Companies Act, 1956 he holds the office of Director only up to the date of ensuing Annual General Meeting.

Pursuant to section 257 of the Companies Act, 1956 the Company has received a notice alongwith a deposit of Rs. 500/- from a shareholder proposing his candidature for the post of Director of the Company.

The Board is of the view that Mr. Arun Kumar Gupta's knowledge and experience will be of benefit and value to the Company and, therefore, recommends his appointment as a Director of your Company liable to retire by rotation.

Your Directors recommend this resolution as an Ordinary Resolution for your approval.

Except Mr. Arun Kumar Gupta none of the Directors is concerned or interested in the above said resolution.

#### **Item No. 5**

Mr. Gurbaksh Singh Vohra has been appointed as an Additional Director of the Company with effect from 14th February, 2012 and in terms of section 260 of the Companies Act, 1956 he holds the office of Director only up to the date of ensuing Annual General Meeting.

Pursuant to section 257 of the Companies Act, 1956 the Company has received a notice alongwith a deposit of Rs. 500/- from a shareholder proposing his candidature for the post of Director of the Company.

The Board is of the view that Mr. Gurbaksh Singh Vohra's knowledge and experience will be of benefit and value to the Company and, therefore, recommends his appointment as a Director of your Company liable to retire by rotation.

Your Directors recommend this resolution as an Ordinary Resolution for your approval.

Except Mr. Gurbaksh Singh Vohra none of the Directors is concerned or interested in the above said resolution.

#### Item No. 6

The members of the Company in their 4th Annual General Meeting held on 27th October, 2009 appointed Mr. Bhushan Kumar Gupta as the Whole-time Director in the category of Chairman of the Company with effect from 26th day of September, 2009 for a period of three years, i.e. from 26th day of September, 2009 to 25th day of September, 2012.

The Board of Directors recommends to re-appoint Mr. Bhushan Kumar Gupta as the Whole-time Director in the category of Chairman of the Company for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015.

In terms of the provisions of sections 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956, the above said appointment and payment of remuneration requires the shareholders' approval by way of a special resolution.

The Board recommends the proposed resolution for your approval as a special resolution.

Except Mr. Bhushan Kumar Gupta and Mr. Hulas Rahul Gupta being related to each other as father and son, no other director is interested in the resolution.

These disclosures and information will also be treated as information and disclosure provided under section 302 of the Companies Act, 1956.

#### DETAILED INFORMATION AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956:

##### I. GENERAL INFORMATION :

<b>Nature of Industry</b>	Manufacturing Solar PV Cell
<b>Commencement of commercial production</b>	The commercial production commenced on 17.07.2009.
<b>Financial Performance</b>	During the current year, the Company reported total income of Rs. 97.19 Crores as against Rs. 591.03 Crores last year. After making a provision of Rs. 57.28 Crores towards interest and Rs. 34.22 Crores towards depreciation, the current financial year closed with a loss of Rs. 202.36 Crores as against loss of Rs. 57.44 Crores last year.
<b>Export performance and net foreign exchange collaborations</b>	The Company is established as 100% Export Oriented Unit (EOU).
<b>Foreign Investments or Collaborations, if any</b>	The Company has 23% foreign equity.

##### II. INFORMATION ABOUT MR. BHUSHAN KUMAR GUPTA:

<b>Background details</b>	Mr. Bhushan Kumar Gupta is associated with the Company as Director since the Year 2008. He is 76 years old and the main promoter of the Company having rich and wide industrial, operational and administrative experience for more than 54 years in the Industries like; Hotels, Bicycle manufacturing, Ship breaking and Lamp manufacturing in India and abroad with a western outlook to industrialization and a flare for identifying new products and ideas with potential. Mr. Gupta was promoter director of a company which brought Automotive Halogen lamp, General Lighting Halogen Lamp and Compact Fluorescent Lamp Technology way back in 1990 from Japan to India by name M/s Halonix Limited and gained number fourth position globally in Automotive Halogen Lamps. This company was subsequently acquired by a private equity fund.
<b>Past Remuneration</b>	Mr. Gupta is drawing the same remuneration as proposed below.
<b>Job Profile and his suitability</b>	Mr. Gupta will look after all the day to day managerial activities. Mr. Gupta being Industrialist and having experience of more than 54 years in diversified industries and worked as Chairman of M/s Halonix Limited, the management is confident that the company will create a history in its industrial field under his guidance and supervision.



**Remuneration Proposed**

The details of remuneration proposed to be paid to him are as under:

**PART – A**

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1	Salary	Rs. 48,00,000/- per annum
<b>TOTAL</b>		<b>Rs. 48,00,000/- PER ANNUM</b>

**PART – B**

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961; and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**PART – C**

Provision of car with a Driver for use on Company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

The appointment and payment of remuneration to Mr. Bhushan Kumar Gupta has been approved by the Remuneration Committee.

**Comparative remuneration profile**

Taking into consideration the size of the Company, the profile of Mr. Bhushan Kumar Gupta and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration packages paid to managerial personnel in other Companies.

**Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial personnel, if any**

The appointee is not having any pecuniary relationship with the Company either directly or indirectly except the shareholding in the Company. Further Mr. Bhushan Kumar Gupta is father of Mr. Hulas Rahul Gupta.

**Other information:**

<b>(i) Reasons of loss or inadequate profit</b>	There has been drastic downturn in Solar Photovoltaic Cells industry leading to substantial fall in revenue generating parameters. Demand is affected due to global meltdown in the industry which resulted in to inventory pile-up as supply chain was in full ramp but demand eroded suddenly.
<b>(ii) Steps taken or proposed to be taken for improvement</b>	The Company will take every necessary and possible step for its improvement and future growth.
<b>(iii) Expected increase in productivity and profits in measurable terms</b>	The Company is confident that the Company will achieve its target.

**Item No. 7**

The members of the Company in their 4th Annual General Meeting held on 27th October, 2009 appointed Mr. Hulas Rahul Gupta as the Managing Director of the Company with effect from 26th day of September, 2009 for a period of three years, i.e. from 26th day of September, 2009 to 25th day of September, 2012.

The Board of Directors recommends to re-appoint Mr. Hulas Rahul Gupta as the Managing Director of the Company for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015.

In terms of the provisions of sections 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956, the above said appointment and payment of remuneration requires the shareholders' approval by way of a special resolution.

The Board recommends the proposed resolution for your approval as a special resolution.

Except Mr. Hulas Rahul Gupta and Mr. Bhushan Kumar Gupta being related to each other as son and father, no other director is interested in the resolution.

These disclosures and information will also be treated as information and disclosure provided under section 302 of the Companies Act, 1956.

**DETAILED INFORMATION AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956:**

**I. GENERAL INFORMATION :**

<b>Nature of Industry</b>	Manufacturing Solar PV Cell
<b>Commencement of commercial production</b>	The commercial production commenced on 17.07.2009.
<b>Financial Performance</b>	During the current year, the Company reported total income of Rs. 97.19 Crores as against Rs. 591.03 Crores last year. After making a provision of Rs. 57.28 Crores towards interest and Rs. 34.22 Crores towards depreciation, the current financial year closed with a loss of Rs. 202.36 Crores as against loss of Rs. 57.44 Crores last year.
<b>Export performance and net foreign exchange collaborations</b>	The Company is established as 100% Export Oriented Unit (EOU).
<b>Foreign Investments or Collaborations, if any</b>	The Company has 23% foreign equity.

**II. INFORMATION ABOUT MR. HULAS RAHUL GUPTA:**

<b>Background details</b>	Mr. Hulas Rahul Gupta a Bachelor in Business Administration from Concordia University, Montreal (Canada) is associated with the Company as Director since the Year 2008. He is 53 years old and the main promoter of the company having rich and wide industrial, operational and administrative experience for more than 28 years in India with a western outlook to industrialization and a flare for identifying new products and ideas with potential. He joined M/s Halonix Limited and brought the company to new global heights wherein its quality and customer service was acknowledged. Mr. Gupta was promoter director of the Company which brought Automotive Halogen lamp, General Lighting Halogen Lamp and Compact Fluorescent Lamp Technology way back in 1990 from Japan to India. The company was subsequently acquired by a private equity fund.
<b>Past Remuneration</b>	Mr. Gupta is drawing the same remuneration as proposed below.
<b>Job Profile and his suitability</b>	Mr. Gupta will look after all the day to day managerial activities and will be responsible for its operations, growth and future prospects. Mr. Gupta being Industrialist and having experience of more than 28 years and worked at various level and to the level of Managing Director of M/s Halonix Limited the management is confident that the company will create a history in its industrial field under his guidance and supervision.

**Remuneration Proposed**

The details of remuneration proposed to be paid to him are as under:

**PART – A**

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1	Salary	Rs. 48,00,000/- per annum
<b>TOTAL</b>		<b>Rs. 48,00,000/- PER ANNUM</b>

**PART – B**

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961; and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**PART – C**

Provision of car with a Driver for use on Company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

The appointment and payment of remuneration to Mr. Hulas Rahul Gupta has been approved by the Remuneration Committee.

**Comparative remuneration profile**

Taking into consideration the size of the Company, the profile of Mr. Hulas Rahul Gupta and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration packages paid to managerial personnel in other Companies.

**Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial personnel, if any**

The appointee is not having any pecuniary relationship with the Company either directly or indirectly except the shareholding in the Company. Further Mr. Hulas Rahul Gupta is son of Mr. Bhushan Kumar Gupta.

**Other information:**

<b>(i) Reasons of loss or inadequate profit</b>	There has been drastic downturn in Solar Photovoltaic Cells industry leading to substantial fall in revenue generating parameters. Demand is affected due to global meltdown in the industry which resulted in to inventory pile-up as supply chain was in full ramp but demand eroded suddenly.
<b>(ii) Steps taken or proposed to be taken for improvement</b>	The Company will take every necessary and possible step for its improvement and future growth.
<b>(iii) Expected increase in productivity and profits in measurable terms</b>	The Company is confident that the Company will achieve its target.

**Item No. 8**

The members of the Company in their 4th Annual General Meeting held on 27th October, 2009 appointed Mr. Anand Kumar Agarwal as the Whole Time Director of the Company with effect from 26th day of September, 2009 for a period of three years, i.e. from 26th day of September, 2009 to 25th day of September, 2012.

The Board of Directors recommends to re-appoint Mr. Anand Kumar Agarwal as the Whole Time Director of the Company for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015.

In terms of the provisions of sections 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956, the above said appointment and payment of remuneration requires the shareholders' approval by way of a special resolution.

The Board recommends the proposed resolution for your approval as a special resolution.

Except Mr. Anand Kumar Agarwal, no other directors are interested in the resolution.

These disclosures and information will also be treated as information and disclosure provided under section 302 of the Companies Act, 1956.

**DETAILED INFORMATION AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956:**
**I. GENERAL INFORMATION :**

<b>Nature of Industry</b>	Manufacturing Solar PV Cell
<b>Commencement of commercial production</b>	The commercial production commenced on 17.07.2009.
<b>Financial Performance</b>	During the current year, the Company reported total income of Rs. 97.19 Crores as against Rs. 591.03 Crores last year. After making a provision of Rs. 57.28 Crores towards interest and Rs. 34.22 Crores towards depreciation, the current financial year closed with a loss of Rs. 202.36 Crores as against loss of Rs. 57.44 Crores last year.
Export performance and net foreign exchange collaborations	The Company is established as 100% Export Oriented Unit (EOU).
Foreign Investments or Collaborations, if any	The Company has 23% foreign equity.

## II. INFORMATION ABOUT MR. ANAND KUMAR AGARWAL:

<b>Background details</b>	Mr. Anand Kumar Agarwal, aged 63 years is an Executive Director of your Company since July 1, 2008 and carries the overall responsibility for 'Finance' and 'Accounts' in the Company. He holds a bachelors degree in commerce from Shri Ram College of Commerce, New Delhi. He has long and varied business experience of over 38 years in the field of sales, finance, taxation, legal, business administration and planning. Prior to joining us, he was a director in M/s Halonix Limited from March 26, 1991 to January 28, 2008.
<b>Past Remuneration</b>	Mr. Agarwal is drawing the same remuneration as proposed below.
<b>Job Profile and his suitability</b>	He has long and varied business experience of over 38 years in the field of sales, finance, taxation, legal, business administration and planning and he will look after and take care of the same.

### Remuneration Proposed

The details of remuneration proposed to be paid to him are as under:

#### PART – A

SL. NO.	PARTICULARS	AMOUNT (Rs.)
1	Salary	Rs. 24,00,000/- per annum
2	House Rent Allowance	Rs. 14,40,000/- per annum
3	Medical Reimbursement for self and family members	Rs. 2,00,000/- per annum
4	Ex-Gratia	Rs. 4,80,000/- per annum
<b>TOTAL</b>		<b>Rs. 45,20,000/- PER ANNUM</b>

#### PART – B

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income – tax Act, 1961;
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- (c) Encashment of leave at the end of the tenure.

#### PART – C

Provision of car with a Driver for use on Company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

The appointment and payment of remuneration to Mr. Anand Kumar Agarwal has been approved by the Remuneration Committee.

### Comparative remuneration profile

Taking into consideration the size of the Company, the profile of Mr. Anand Kumar Agarwal and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration packages paid to managerial personnel in other Companies.

### Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial personnel, if any

The appointee is not having any pecuniary relationship with the Company either directly or indirectly except the shareholding in the Company.

**Other information:**

<b>(i) Reasons of loss or inadequate profit</b>	There has been drastic downturn in Solar Photovoltaic Cells industry leading to substantial fall in revenue generating parameters. Demand is affected due to global meltdown in the industry which resulted in to inventory pile-up as supply chain was in full ramp but demand eroded suddenly.
<b>(ii) Steps taken or proposed to be taken for improvement</b>	The Company will take every necessary and possible step for its improvement and future growth.
<b>(iii) Expected increase in productivity and profits in measurable terms</b>	The Company is confident that the Company will achieve its target.

**Item No. 9**

As per the Corporate Debt Restructuring package approved by the CDR Forum, the promoters of the Company are required to bring in the Company Rs. 19.00 Crores towards their contribution to the sacrifices made by the lenders under the CDR package. The promoters have already brought Rs. 9.50 Crores and are intending to bring the remaining Rs. 9.50 Crores by way of issue of preference shares.

As the present Authorized Share Capital of the Company does not permit the issue of preference shares, so it is required to re-classify the Authorized Share Capital of the Company.

In terms of the provisions of the Companies Act, 1956, the re-classification of Authorized Share Capital and alteration of capital clause of Memorandum of Association require the shareholders' approval by way of ordinary resolution.

The Board recommends the proposed resolution for your approval as an ordinary resolution.

None of the directors of the Company is in any way concerned or interested in the said resolution except to the extent of Preference Shares that may be issued to them, if any.

**Item No. 10**

The proposed Special Resolution set out in Item No. 10, is an enabling resolution authorizing the Board of Directors to raise resources by issue of Redeemable Non Convertible Non Cumulative Preference Shares of face value of Rs. 10/- each out of authorized share capital of the Company aggregating upto Rs. 10 Crores to enable the promoters to bring funds in the Company towards their contribution to the sacrifices made by the lenders under the CDR package. The said funds may be used for meeting the working capital requirements and for other general corporate purposes.

The preference shares may be issued at par or at premium or at such price or prices to various persons/entities including promoters/promoter group whether or not they are member(s) of the Company, with such rights and privileges and on such terms and conditions including but not limited as to the rate of dividend, redemption period, manner of redemption, amount of premium on redemption, if any.

The Board shall also be authorized to approve any modification, alteration and re-setting of all or any of the terms and conditions of the Preference Shares from time to time in consultation and agreement with the subscribers / holders of Preference Shares. The terms and conditions of Preference Shares shall however be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of Association of the Company.

The Preference Shares shall rank in priority to Equity Shares for repayment of capital and payment of dividend, if any. The Preference Shares shall be redeemed in accordance with the provisions of the Companies Act, 1956. However, the final terms and conditions of the issue of Preference Shares shall be determined by the Board of Directors.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, any offer or issue of shares in a Company to persons other than shareholders of the Company requires prior approval of the members by way of a Special Resolution. The consent of the members is therefore sought to authorize the Board to issue Preference Shares as aforesaid.

None of the directors of the Company is in any way concerned or interested in the said resolution except to the extent of Preference Shares that may be issued to them, if any.

By Order of the Board of Directors  
**For INDOSOLAR LIMITED**

Place : Greater Noida  
Date : 11.08.2012

**A.K. MITTAL**  
(Company Secretary)

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventh Annual Report on business and operations of the Company for the year ended 31st March, 2012.

### 1. FINANCIAL RESULTS

(Rs. in Crores)

PARTICULARS	YEAR ENDED 31ST MARCH, 2012	YEAR ENDED 31ST MARCH, 2011
TOTAL INCOME	97.19	591.03
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION AND TAX	(110.86)	57.92
INTEREST	57.28	63.52
CASH PROFIT / (LOSS)	(168.14)	(5.60)
DEPRECIATION	34.22	51.83
PROFIT / (LOSS) BEFORE TAX	(202.36)	(57.43)
PROFIT / (LOSS) AFTER TAX	(202.36)	(57.44)
PROFIT / (LOSS) BROUGHT FORWARD	(137.69)	(80.25)
PROFIT / (LOSS) TO BE CARRIED FORWARD TO BALANCE SHEET	(340.05)	(137.69)

### 2. PERFORMANCE REVIEW

During the year under review, the Company has been severally impacted due to sudden demand downturn in SPV cell segment resulting from liquidity crisis in Europe, lower sales realization without commensurate fall in raw material prices and underutilization of capacity due to industry downturn.

Germany reduced Feed-in-Tariff from January 2011 and this gave farm developers time to wait for better pricing. Many countries reduced subsidy support to solar sector, in order to combat their fiscal deficit. This resulted in lower off take of solar products globally leading to reduced demand. This downturn was entirely unanticipated and had taken the industry by surprise.

The demand had suddenly eroded while the supply chain was in full ramp. This created an artificially high inventory pile-up in Asia as well as at European ports and the same resulted in over 60% price erosion worldwide. These factors also caused halt in operations of solar industry globally.

Indosolar also got affected severely and its operations showed heavy losses. Since beginning of the year, the plant was operating at a very low capacity and it remained totally closed from September 2011 onwards. The liquidity had dried-up and the Company was not in a position to service its debt till revival of the market. So, the Company approached its bankers for restructuring of debts under CDR route.

During the year under review, your Company reported total income of Rs. 97.19 Crores as against Rs. 591.03 Crores last year. After making a provision of Rs. 57.28 Crores towards interest and Rs. 34.22 Crores towards depreciation, the current financial year closed with a loss of Rs. 202.36 Crores as against loss of Rs. 57.44 Crores last year.

### 3. CORPORATE DEBT RESTRUCTURING

In order to address the above situation, the Company applied to the Corporate Debt Restructuring (CDR) Forum set up under Reserve Bank of India for debt restructuring during September 2011 with an intention that the debt re-alignment under CDR aegis would help the Company and the lenders to address the situation quickly and in a scientific manner. The Company has been sanctioned CDR package by CDR Forum vide its letter dated 07.03.2012. The package is effective from 01.07.2011 and includes, inter-alia, reduction in rate of interest on loans, rescheduling of the loan repayment period with an initial moratorium of 24 months from effective date, sanction of additional CAPEX of Rs. 100 Crores for completing the expansion of 200 MW solar cell project, interest on loans during the moratorium period will be funded by additional Funded Interest Term Loan (FITL).

After getting approval from CDR Forum, the Company has entered into Master Restructuring Agreement, alongwith other security documents, with the consortium of banks and CDR package has been implemented.

**4. STATUS OF IMPLEMENTATION OF 200 MW PROJECT**

The Company is in the process of setting-up 200 MW solar cell manufacturing line to be financed through a mix of debt and equity. Union Bank of India had appraised the project and established LC of Rs. 228 Crores for import of 200 MW line against its debt underwriting of Rs. 275 Crores. The Company had also spent Rs. 179.66 Crores for the said expansion as equity contribution. The solar cell manufacturing line has already arrived, however, Company requires additional funding to the extent of Rs. 147 Crores to complete the project. In view of declining financial performance of the Company as well as weak outlook of solar sector in the short run, the bankers were reluctant to provide balance funding. However, CDR Forum has considered setting-up of 200 MW line as an integral component for success of the Company and approved additional CAPEX of Rs. 100 Crores for completing the expansion over and above Rs. 47 Crores already sanctioned by Union Bank of India.

**5. DIVIDEND**

Due to non availability of profit, your Directors do not recommend any dividend for the year ended 31st March, 2012.

**6. PAYMENT OF ANNUAL LISTING FEES**

Annual listing fee for financial year 2012-2013 has been paid to National Stock Exchange of India Limited and BSE Limited.

**7. DIRECTORS**

Mr. Gautam Singh Kuthari, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment. Board recommends the same for your approval.

Mr. Ravinder Khanna has resigned from the Board with effect from 11th November, 2011 and Mr. Aditya Jain has resigned from the Board with effect from 14th February, 2012.

Mr. Arun Kumar Gupta and Mr. Gurbaksh Singh Vohra have been appointed as additional directors of the Company with effect from 14th February, 2012 to hold the office of director upto the date of forthcoming annual general meeting. The Board has received letters from shareholders alongwith deposit of Rs. 500/- for each of them for appointment as directors of the Company. The Board recommends the same for your approval.

The tenure of Mr. Bhushan Kumar Gupta, Chairman, Mr. Hulas Rahul Gupta, Managing Director and Mr. Anand Kumar Agarwal, Whole Time Director is upto 25th September, 2012. The management decided to re-appoint them for a further period of three years, i.e. from 26th September, 2012 to 25th September, 2015. The Board recommends the same for your approval.

**8. STATUTORY AUDITORS**

The statutory auditors of your Company, M/s B S R and Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility for re-appointment at the forthcoming Annual General Meeting under section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment for your approval.

**9. STATUTORY AUDITORS' REPORT**

On the Auditors' observations, reply from the management is as under:

- (i) As regards delay in payment of service tax and work contract tax mentioned in para (ix)(a) of the Annexure to the Auditors' Report, the same was due to adverse financial condition of the Company as well as non-realization of its dues in time. However, the same have since been paid alongwith interest and rectified.
- (ii) As regards accumulated losses becoming more than fifty percent of net worth and cash losses mentioned in para (x) of the Annexure to the Auditors' Report, the same were due to sudden demand downturn in SPV cell segment resulting from liquidity crisis in Europe, lower sales realization without commensurate fall in raw material prices and underutilization of capacity due to industry downturn. The demand had suddenly eroded while the supply chain was in full ramp. This created an artificially high inventory pile-up in Asia as well as at European ports and the same resulted in over 60% price erosion worldwide. These factors also caused halt in operations of solar industry globally. Indosolar also got affected severely and its operations showed heavy losses. As regards erosion of net worth by more than fifty percent, the Company is taking required necessary steps.
- (iii) As regards delay in repayment of principal sums and interest thereon to banks mentioned in para (xi) of the Annexure to the Auditors' Report, the same was due to non-availability of funds as the operations were at very low level during the year resulting into heavy cash losses. Accordingly, the Company approached CDR cell of RBI for approval of restructuring package seeking relief which was approved by the empowered group committee and the delays were condoned and rectified.
- (iv) As regards funds raised on short term basis being used for long term investment mentioned in para (xvii) of the Annexure to the Auditors' Report, the significant losses incurred by the Company were being financed out of short term funds as there were no alternate funds with the Company.

**10. COST AUDITORS**

In view of recent circular issued by the Ministry of Corporate Affairs, the cost audit is now applicable on the Company with effect from 1st April, 2012. The Company has appointed M/s Kabra & Associates, Cost Accountants to conduct audit of cost accounting records being maintained by the Company for the manufacture of solar cells for the financial year ending 31st March, 2013.

**11. DEPOSITS**

The Company has not accepted any deposits from public during the financial year under review.

**12. PARTICULARS OF THE EMPLOYEES**

The employees drawing remuneration as specified in section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and details are as per Annexure-I to this report.

**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be furnished under the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as Annexure – II to this report.

**14. REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE ALONGWITH GENERAL SHAREHOLDER INFORMATION**

In terms of Clause 49(VI) of Listing Agreement entered into by the Company with the Stock Exchanges, a detailed report on Corporate Governance along with Management Discussion and Analysis Report has been attached with this Report. A Certificate from Practicing Company Secretary on compliance with the conditions of corporate governance requirements by the Company is attached to the Corporate Governance Report and forms part of this Report.

**15. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:-

- i. That in preparation of the accounts for financial year ended 31st March, 2012 the applicable accounting standards have been followed;
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review;
- iii. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the accounts for the financial year ended on 31st March, 2012 on a going concern basis.

**16. ACKNOWLEDGEMENTS**

The Board of Directors places on record its appreciation for the support, assistance and co-operation received from Government, Regulators and the bankers to the Company, i.e. Union Bank of India, Corporation Bank, Bank of Baroda, Andhra Bank and Indian Bank.

The Board is thankful to the shareholders for their support to the Company.

The Board is also thankful to the employees of the Company for their co-operation and unstinted dedication to duty leading to cordial industrial relations during the year under review.

On behalf of the Board of Directors  
**For INDOSOLAR LIMITED**

Place : Greater Noida  
Date : 11.08.2012

**H.R. GUPTA**  
(Managing Director)

**A.K. AGARWAL**  
(Whole Time Director)



**ANNEXURE – I**

Information under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2012:

Sr. No.	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment before joining the Company	% of Equity Share Capital held
(A) Employed throughout the year and were in receipt of remuneration of not less than Rs. 60,00,000 per annum									
1.	Mr. S. Venkataramani	Chief Executive Officer	1,46,37,098	Graduate in Mechanical Engineering	41	27.12.2010	64	Philips Electronics India Limited	NIL
(B) Employed for part of the year and were in receipt of remuneration aggregating to not less than Rs. 5,00,000 per month									
NIL									

**NOTES:**

- Remuneration includes Basic Salary, House Rent Allowance, Provident Fund and Taxable value of Perquisites.
- The nature of employment and terms and conditions are as per the appointment letter issued at the time of appointment.
- The nature of the duties of the employees is to look after all the day to day working of the Company and all other work as per direction of the Board of Directors of the Company.

**ANNEXURE – II**

**CONSERVATION OF ENERGY** : Necessary Conservation measures like limited use of lights, air handling units, chillers, etc. have already been implemented to the maximum extent. We are in the process of installation of 33 KV grid station for the entire factory complex. Power cost will be reduced considerable by this.

**TECHNOLOGY ABSORPTION**
**FORM B**
**Form for disclosure of particulars with respect to absorption**
**Research and Development (R & D)**

1. Specific areas in which R & D carried out by the Company	<ul style="list-style-type: none"> <li>Development of 3 bus bar solar cells</li> <li>Process development employing high conductivity front and back side pastes</li> <li>Optimization of silicon nitride anti-reflection coating</li> <li>Optimization of diffusion process</li> </ul>
2. Benefits derived as a result of the above R & D	<ul style="list-style-type: none"> <li>Increase in cell efficiency by 0.2% absolute</li> <li>Reduction in cost of conversion</li> </ul>
3. Future plan of action	<ul style="list-style-type: none"> <li>The Company will take R &amp; D activities in selective emitter technology to improve quality and reduce cost by increasing the solar cell efficiency</li> <li>The Company also plans to introduce new phosphorous oxy chloride (POCL<sub>3</sub>) based diffusion</li> </ul>
4. Expenditure on R & D (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	Included in the manufacturing cost.

### Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	Company has worked to develop process for new silicon wafer namely mono like multi-crystalline
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	<ul style="list-style-type: none"> <li>• Product improvement</li> <li>• Cost reduction</li> </ul>
<p>3. In case of import of technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:</p> <p>(A)</p> <p>(a) Technology imported</p> <p>(b) Year of import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not absorbed, areas where this has not taken place, reasons therefore and future plan of action</p> <p>(B)</p> <p>(a) Technology imported</p> <p>(b) Year of import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not absorbed, areas where this has not taken place, reasons therefore and future plan of action</p>	<p>(a) Technology to manufacture solar photovoltaics multicrystalline silicon cells</p> <p>(b) 2009</p> <p>(c) Yes</p> <p>(d) Not Applicable</p> <p>(a) Selective Emitter Technology</p> <p>(b) 2011</p> <p>(c) No</p> <p>(d) Under installation and commissioning</p>

### ACTIVITIES RELATING TO EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS.

: Your Company is a 100% Export Oriented Company.

### FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Crores)

Particulars	For Year 2011-12	For year 2010-11
Foreign Exchange Earning	<b>71.74</b>	565.51
Foreign Exchange Outgo	<b>34.46</b>	516.31

**MANAGEMENT'S DISCUSSION AND ANALYSIS****Industry Structure and Developments**

There has been drastic downturn in SPV cells industry leading to substantial fall in the revenue generating parameters like sales realization and capacity utilization leading to fall in sales. Presently, when upfront system costs are factored into cost per KW, the cost of solar power substantially exceeds the cost of power supplied by the electric utility grid in almost all locations. As a result, national and local governmental bodies in many countries, most notably in Germany, Spain, Italy, the United States, India and China, provided subsidies and economic incentives in the form of feed-in-tariffs, rebates, tax credits and other incentives to distributors, system integrators and manufacturers of solar power products in order to promote the use of solar energy in on-grid applications and to reduce dependence on other forms of energy.

However, due to global economic downturn, many countries reduced subsidy support to control their fiscal deficit. This resulted in lower off take for solar products globally leading to reduced demand. This policy reversal was entirely unanticipated and had taken the industry by surprise. Besides this, the demand of Solar Cells in international market got seriously affected from early December 2010 and remained highly subdued due to early arrival of severe winter in Europe with heavy snow which stalled the installation process for almost two months. Further, the reduction in the Feed-in-Tariff in Germany gave investors time to wait for better pricing. The macro-economic problems in EU countries and consequent cuts in Solar Subsidies imposed by governments of European countries have affected sales realizations. The entire global photovoltaic industry is reeling under losses. The demand had suddenly eroded while the supply chain was in full ramp. This created an artificially high inventory pile-up in Asia as well as at European ports and the same resulted in over 60% price erosion worldwide. These factors also caused halt in operations of solar industry globally.

**Opportunities and Threats****Opportunities**

- (a) The domestic markets are expected to witness steady growth and hence there is potential to ramp up volumes on domestic business.

**Threats**

- (a) Volatility in prices of raw materials;
- (b) Fluctuations in foreign exchange;
- (c) Non-utilization of our available manufacturing capacity;
- (d) Non-availability of full or part of any financial incentives which we have applied for;
- (e) Delays and cost overruns in expansion of our manufacturing facilities as a result of factors beyond our control; and
- (f) Reduction in, or elimination of, subsidies and economic incentives for on-grid solar energy applications.

**Future Outlook**

The Indian solar energy sector has been growing constantly in the past few years and is projected to grow further in future due to Government's initiatives such as tax exemptions and subsidies. Also with huge decline in the cost of solar power it has become more competitive than diesel.

According to the research report "Indian Solar Energy Market Outlook 2012 by RNCOS E-Services Private Limited" Indian solar energy industry exhibits huge potential to become one of the top producers of solar energy in the world in coming years. The sector is now receiving continuous support from both central and state governments.

**Risks and Concerns**

Due to industry downturn and resultant fall in demand, the capacities of the Company are underutilized. The plant was operating at marginal capacity / shut down at times during 2011-2012. Despite low capacity utilization and production, the Company has to incur fixed costs. Though, the Company is hopeful of early revival still the future of industry is unpredictable.

**Internal Control Systems and its Adequacy**

The Company has a proper and adequate system of internal controls commensurate with its size to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### **Financial Performance viz-a-viz Operational Performance**

During the year under review, the Company's Net Sales were Rs. 81.34 Crores as against Rs. 543.40 Crores last year. EBITDA was Rs. (-) 110.86 Crores as against of Rs. 57.92 Crores last year. The Company produced photovoltaic solar cells of 18.685 MWp as against 109.490 MWp last year.

### **Human Resource**

Human resource stands to be the element of utmost importance for the success of any organization. Indosolar has always been focused on attracting and recruiting the best talent from all walks of the country and enjoys good brand image in the market.

Having best talent is the first step towards the goals to be achieved by the organization. A step further is the frequent and dedicated training programmes being conducted for upgradation and enrichment of employees

Human Resource department is making sincere efforts on all fronts to create an environment in which our people feel motivated to perform to their best potential.

### **Environment, Health and Safety (EHS)**

Being a manufacturing concern, Environment, Health and Safety (EHS) matters have been the key consideration of Indosolar. Management has been regularly enquiring about the EHS matters of the Company from the concerned or responsible officials in ensuring compliance with applicable legal and other requirements for prevention of pollution, injury and ill health and maintaining quality by institutionalizing continual improvement.

Your Company has triple certifications: ISO-9001 (Quality Management Systems), ISO-14001 (Environment Management Systems) and OHSAS-18001 (Occupational Health Safety Assessment Series) for its manufacturing facility that displays the priority we give to the EHS matters.

### **Cautionary Statement**

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions, affecting demand/supply and price conditions in domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

**CORPORATE GOVERNANCE REPORT AS ON 31ST MARCH, 2012**
**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Corporate Governance Philosophy of Indosolar Limited rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that confirms full with laws, regulations and guidelines. The Company's philosophy on corporate governance is to achieve business excellence and maximize stakeholders' value through ethical business conduct. Company's philosophy also includes building partnership with all stakeholders. The Company defines its stakeholders as its Investors, Employees, Customers, Suppliers, Lenders, Associates and the Society at large. The Company continues its commitment to high standards of corporate governance practices.

The Management of your Company commit themselves to:

- (a) Maintain the highest standards of transparency and professionalism in all aspects of decision and transactions;
- (b) Ensure timely dissemination of all price sensitive information and other matters of interest to our stakeholders;
- (c) Ensure that the Board exercises its fiduciary responsibilities towards all stakeholders;
- (d) Comply with the rules and regulations applicable to the Company; and
- (e) Protect interest of all stakeholders.

**2. BOARD OF DIRECTORS**

The Board of Directors alongwith its Committees provides leadership and vision to the management and supervises the functioning of the Company. The composition of the Board is governed by the Listing Agreement executed with the Stock Exchanges, the Companies Act, 1956 and provisions of the Articles of Association of the Company.

**(A) Composition of Board**

The Company has a balanced mix of executive and non-executive independent directors. The Board presently consists of six directors as on 31st March, 2012 out of which three are executive and three are non-executive independent directors. The Chairman of the Board is an executive director and half of the Board members are independent directors. The composition of the Board is in compliance with the requirements of clause 49(I)(A) of the Listing Agreement with the Stock Exchanges. All the directors are liable to retire by rotation.

**(B) Non-Executive Directors' Compensation**

The non-executive directors of the Company were paid sitting fees as fixed by the Board of Directors within the limits prescribed under the Companies Act, 1956. Apart from the sitting fees being paid for attending Board/Committee meetings, the non-executive directors did not have any material pecuniary relationship or transaction with the Company during the year ended 31st March, 2012. No stock options were granted to non-executive independent directors during the year under review.

**(C) Board Meetings and Last Annual General Meeting**

During the year 2011-2012, four meetings of the Board of Directors were held on 9th May, 2011, 12th August, 2011, 11th November, 2011 and 14th February, 2012.

The sixth Annual General Meeting of your Company was held on 30th August, 2011.

The names and categories of directors on the Board, their attendance record, number of directorships and committee positions as on 31st March, 2012 are noted below:

Name of the director	Category	Attendance at meetings during 2011-2012		Total no. of directorships including this company as on 31st March, 2012	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 4)	6th AGM on 30th Aug, 2011		Membership in audit and investors' grievance committee	Membership in other committees	Chairmanship in audit and investors' grievance committee	Chairmanship in other committees
Mr. Bhushan Kumar Gupta	Executive Chairman-Promoter	2	No	1	Nil	Nil	Nil	1
Mr. Hulas Rahul Gupta	Managing Director-Promoter	4	Yes	1	1	2	Nil	Nil
Mr. Anand Kumar Agarwal	Whole Time Director	4	Yes	1	1	1	Nil	Nil
Mr. Aditya Jain#	Non-Executive Independent Director	1	No	N.A.**	N.A.**	N.A.**	N.A.**	N.A.**

Name of the director	Category	Attendance at meetings during 2011-2012		Total no. of directorships including this company as on 31st March, 2012	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 4)	6th AGM on 30th Aug, 2011		Membership in audit and investors' grievance committee	Membership in other committees	Chairmanship in audit and investors' grievance committee	Chairmanship in other committees
Mr. Ravinder Khanna @	Non-Executive Independent Director	3	No	N.A.**	N.A.**	N.A.**	N.A.**	N.A.**
Mr. Gautam Singh Kuthari	Non-Executive Independent Director	4	No	1	1	1	1	1
Mr. Arun Kumar Gupta *	Non-Executive Independent Director	1	No	4	1	1	3	Nil
Mr. Gurbaksh Singh Vohra *	Non-Executive Independent Director	1	No	1	1	Nil	Nil	1

#Resigned with effect from 14th February, 2012.

@Resigned with effect from 11th November, 2011.

\*Appointed in the board meeting held on 14th February, 2012.

\*\*Since not on the Board as on 31st March, 2012.

**Notes:**

- While considering the total number of directorships, directorships in private companies, foreign companies and section 25 companies have been excluded.
- As per terms of Clause 49(IV)(G)(ia) of the Listing Agreement, it is hereby disclosed that Mr. Bhushan Kumar Gupta, Chairman is the father of Mr. Hulas Rahul Gupta, Managing Director. Except for the relationship between Mr. Bhushan Kumar Gupta and Mr. Hulas Rahul Gupta, there is no other inter-se relationship amongst other directors.
- None of the directors of the Board serve as member of more than 10 Committees nor do they chair more than 5 Committees.

**(D) Code of Conduct**

The Company has prescribed a Code of Conduct for its directors and senior management. The Code of Conduct of the Company has been posted on the website of the Company [www.indosolar.co.in](http://www.indosolar.co.in). The directors and senior management personnel have affirmed compliance with the Code during the year ended 31st March, 2012. The declaration from the Managing Director stating that as of 31st March, 2012, all the board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company has been included in this report.

**3. AUDIT COMMITTEE**

**(A) Terms of Reference**

The terms of reference includes the following as is mandated in Clause 49 of Listing Agreement and section 292A of the Companies Act, 1956:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board of Directors, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board of Directors for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board of Directors' report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- 5A. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussion with internal auditors any significant findings and follow up there on;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing;
- 12A. Approval of the appointment of CFO (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **(B) Composition, Meetings and Attendance**

The composition of the Audit Committee is in compliance with the requirements of Clause 49(II)(A) of the Listing Agreement. As on date, it consists of three members, all of whom including the Chairman are non-executive independent directors. All members of the Committee are financially literate and have accounting and related financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee.

During the financial year 2011-2012, the Audit Committee met four times on 9th May, 2011, 12th August, 2011, 11th November, 2011 and 14th February 2012 and necessary quorum was present at all meetings. The attendance of the members is noted below:

<b>Name of the member</b>	<b>Chairman / Member</b>	<b>No. of meetings attended</b>
Mr. Aditya Jain #	Chairman (upto 13th February, 2012)	1
Mr. Ravinder Khanna @	Member	3
Mr. Gautam Singh Kuthari	Member	4
Mr. Arun Kumar Gupta *	Chairman (from 14th February, 2012)	1
Mr. Gurbaksh Singh Vohra *	Member	1

#Resigned with effect from 14th February, 2012.

@Resigned with effect from 11th November, 2011.

\*Appointed in the board meeting held on 14th February, 2012.

#### **4. INVESTORS' GRIEVANCE COMMITTEE**

##### **(A) Terms of Reference**

The terms of reference includes the following:

- (i) To look into the redressal of all shareholders' and investors' complaints; and
- (ii) To seek all information from and inspect all records of the Company relating to shareholders' and investors' complaints.

### (B) Composition, Meetings and Attendance

The Investors' Grievance Committee of the Company consists of three members out of which the Chairman is a non-executive independent director and other two members are executive directors of the Company.

During the financial year 2011-2012, the Investors' Grievance Committee met four times on 9th May, 2011, 12th August, 2011, 11th November, 2011 and 14th February 2012 and necessary quorum was present at all meetings. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gautam Singh Kuthari	Chairman	4
Mr. Hulas Rahul Gupta	Member	4
Mr. Anand Kumar Agarwal	Member	4

## 5. REMUNERATION COMMITTEE

### (A) Terms of Reference

The terms of reference includes the following:

- To determine the Company's policy on specific remuneration packages including pension rights and other compensation for executive directors and other senior employees of the Company equivalent to or higher than the rank of General Manager;
- To fix and finalise remuneration including salary, perquisites, benefits, bonuses, allowances, etc.;
- Fixed and performance linked incentives along with the performance criteria;
- Increments and Promotions;
- Service Contracts, notice period, severance fees; and
- Ex-gratia payments.

### (B) Composition, Meetings and Attendance

The Remuneration Committee of the Company consists of three members, i.e. Mr. Gurbaksh Singh Vohra, Chairman, Mr. Arun Kumar Gupta, member and Mr. Gautam Singh Kuthari, member, all of whom, including the Chairman, are non-executive independent directors.

During the financial year 2011-2012, the Remuneration Committee did not meet.

### (C) Remuneration Policy and Remuneration to Directors

Remuneration of executive directors has been decided by the Company on the basis of their experience and contribution made to the Company. The sitting fees paid/payable to the non-executive directors is within the limits prescribed by the Companies Act, 1956. The details of remuneration paid to the directors during financial year 2011-2012 are given below:

#### (a) Executive Directors:

Name of the Executive Director	Designation	Remuneration (Rs.)	Experience (in years)	Date of Commencement of Employment
Mr. Bhushan Kumar Gupta	Chairman	48,00,000	53	01.07.2008
Mr. Hulas Rahul Gupta	Managing Director	48,00,000	23	01.07.2008
Mr. Anand Kumar Agarwal	Whole Time Director	38,40,000	38	01.07.2008

#### (b) Non-Executive Directors:

The non-executive directors are not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and Committee thereof. The Company does not have any material pecuniary relationship or transaction with its non-executive directors. The details of sitting fees paid and shares held by the non-executive directors during financial year 2011-2012 are given below:

Name of the non-executive director	Sitting fees (Rs.)	Shareholding in the Company
Mr. Aditya Jain #	40,000	NIL
Mr. Ravinder Khanna @	1,20,000	NIL
Mr. Gautam Singh Kuthari	2,80,000	NIL
Mr. Arun Kumar Gupta *	40,000	NIL
Mr. Gurbaksh Singh Vohra *	40,000	1

#Resigned with effect from 14th February, 2012.

@Resigned with effect from 11th November, 2011.

\*Appointed in the board meeting held on 14th February, 2012.



**6. SHARE TRANSFER COMMITTEE**
**(A) Terms of Reference**

The terms of reference includes the following:

- (i) To approve the request for transfer, transmission, etc. of shares;
- (ii) To approve the dematerialization and re-materialization of shares;
- (iii) To consider and approve, split, consolidation and issuance of duplicate shares; and
- (iv) To review from time to time overall working of the secretarial department of the company relating to the shares of the company and functioning of the share transfer agent and other related matters.

**(B) Composition, Meetings and Attendance**

The Share Transfer Committee of the Company consists of two members out of which the Chairman is a non-executive independent director and another member is executive director of the Company.

During the financial year 2011-2012, the Shares Transfer Committee met two times on 30th April, 2011 and 31st May, 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gautam Singh Kuthari	Chairman	2
Mr. Hulas Rahul Gupta	Member	2

**7. SUB-COMMITTEE**
**(A) Terms of Reference**

The terms of reference includes the following:

- (i) To accept terms and conditions of sanction of financial assistance from banks and financial institutions.

**(B) Composition, Meetings and Attendance**

The Sub-Committee of the Company consists of three members. All the members are executive directors of the Company.

During the financial year 2011-2012, the Sub-Committee met three times on 18th July, 2011, 29th December, 2011 and 14th March, 2012. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Bhushan Kumar Gupta	Chairman	Nil
Mr. Hulas Rahul Gupta	Member	3
Mr. Anand Kumar Agarwal	Member	3

**8. GENERAL BODY MEETINGS**

The details of the last three Annual General Meetings of the Company and Special Resolutions passed therein are noted below:

Financial Year	AGM No.	Venue	Day and Date	Time	Whether any Special Resolution Passed
2008-2009	4th	C-12, Friends Colony (East), New Delhi-110 065	Tuesday, 27th October, 2009	10.00 AM	YES
2009-2010	5th	C-12, Friends Colony (East), New Delhi - 110 065	Monday, 31st May, 2010	10.00 AM	YES
2010-2011	6th	Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi-110 036	Tuesday, 30th August, 2011	9.00 AM	NO

No Extra Ordinary General Meeting of the Company was held during the financial year 2011-2012.

**Details of Resolutions passed by way of Postal Ballot**

The Company has not conducted any Postal Ballot during the year.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

## 9. DISCLOSURES

### (a) Subsidiary Companies

The Company does not have any subsidiary as on 31st March, 2012.

### (b) Disclosure on Materially Significant Related Party Transactions

There were no materially significant related party transactions during the financial year 2011-12, that may have potential conflict with the interest of the Company at large. The details of the related party transactions as per Accounting Standard-18 form part of Notes to Accounts.

### (c) Disclosure of Accounting Treatment

The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.

### (d) Proceeds from Public Issue

The proceeds raised from Initial Public Offering (IPO) are being utilized in terms of the objects of the issue as stated in prospectus dated 18th September, 2010 and in accordance with the approval of shareholders dated 31st January, 2011 under Section 61 of the Companies Act, 1956 by way of Postal Ballot.

### (e) Management Discussion and Analysis Report

The Management Discussion and Analysis Report has been provided as Annexure-III to the Directors' Report.

### (f) Profile of Directors Seeking Appointment / Re-appointment

The profile of the directors seeking appointment / re-appointment forms part of Notice of AGM.

### (g) Details of Non-compliance with regard to Capital Market

With regard to the matters related to capital market, the Company has complied with all the requirements of Listing Agreement as well as SEBI regulations. No penalties were imposed or strictures passed against the Company by the stock Exchanges, SEBI or any other statutory authority during the last three years in this regard.

### (h) Details of Compliance with Mandatory Requirements and Adoption of Non-mandatory Requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate, from Chandrasekaran Associates, Company Secretaries, a firm of practicing company secretaries, to this effect has been included in this report. Besides mandatory requirement, the Company has constituted a Remuneration Committee to consider and approve the remuneration of executive directors and other senior employees of the Company.

### (i) Whistle Blower Policy

The Company does not have a formal whistle blower policy. However, the Company has its intranet portal, wherein all the employees are free to express their feedback/suggestions/complaints, if any.

### (j) Means of Communication

#### i. Quarterly / Annual Results

The quarterly/annual results and notices as required under Clause 41 of the Listing Agreement are normally published in the Financial Express / Economic Times in English language and Jansatta / Navbharat Times in Hindi language.

#### ii. Posting of Information on the Website of the Company

The quarterly/annual results of the Company, shareholding pattern, the official news releases, etc. are regularly posted on its website [www.indosolar.co.in](http://www.indosolar.co.in).

### (k) Details of Unclaimed Shares in terms of Clause 5A of Listing Agreement

In terms of Clause 5A of Listing Agreement, the Company has opened a separate demat suspense account named as "INDOSOLAR LIMITED UNCLAIMED SUSPENSE ACCOUNT" and credited the shares of the Company which are remaining unclaimed by the shareholders allotted pursuant to the Initial Public Offering (IPO).

The details of such unclaimed shares as on 31st March, 2012 are set out below:

Particulars	No. of Cases	No. of Shares of Rs. 10 each
Aggregate number of shareholders and outstanding shares in the suspense account lying on 1st April, 2011	07	5,806
Number of shareholders who approached to the Company / registrar for transfer of shares from suspense account upto 31st March, 2012	01	510
Number of shareholders to whom shares were transferred from suspense account upto 31st March, 2012	01	510
Aggregate number of shareholders and outstanding shares in the suspense account lying at the end of the year, i.e. as on 31st March, 2012	06	5,296
The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

The shareholders who have not so far received their shares allotted to them in the IPO are requested to contact by writing to the Company and / or the Registrar and Share Transfer Agents of the Company alongwith necessary documents.

## 10. GENERAL SHAREHOLDER INFORMATION

- (a) **Annual General Meeting**
- Day and date : 7th Annual General Meeting : Saturday, the 29th September, 2012
  - Time : 10.00 a.m.
  - Venue : Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi-36
- (b) **Financial Calendar for 2012-2013 (tentative schedule)**
- Financial year : April 1 to March 31
  - Board meetings for approval of quarterly results
  - 1st quarter ended on 30th June, 2012 : on or before 14th August, 2012
  - 2nd quarter ended on 30th September, 2012 : on or before 14th November, 2012
  - 3rd quarter ended on 31st December, 2012 : on or before 14th February, 2013
  - 4th quarter ended on 31st March, 2013 : on or before 14th May, 2013
  - Annual results for financial year ended 31st March, 2013 (audited) : on or before 30th May, 2013
- (c) **Book closure date** : Monday, 17th day of September, 2012 to Saturday, 29th day of September, 2012 (both days inclusive)
- (d) **Dividend payment date** : Not applicable
- (e) **Listing on stock exchanges** : The equity shares of the Company are listed on the following stock exchanges in India:
- i. National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Bandra-Kurla Complex, Mumbai-400050
  - ii. BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001
- (f) **Stock code for equity shares**
- National Stock Exchange of India Limited (NSE) : INDOSOLAR
  - Bombay Stock Exchange Limited (BSE) : 533257
  - ISIN : INE866K01015
- (g) **CIN** : L18101DL2005PLC134879

**(h) Market price data**

- i. Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2011-2012 at NSE and BSE are noted below (equity shares of the Company are listed at NSE and BSE with effect from 29th September, 2010):  
(Face value of Rs. 10 each)

Stock Exchange	NSE			BSE		
	Month	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)
Apr. 2011	20.35	17.00	1,04,98,372	20.40	17.20	71,82,092
May 2011	18.55	15.05	63,91,722	18.60	15.00	35,43,844
June 2011	17.00	13.80	35,35,672	17.00	13.90	19,92,001
July 2011	15.70	13.15	55,91,832	15.70	13.05	25,04,935
Aug. 2011	13.60	8.00	80,96,337	13.80	8.00	41,40,518
Sep. 2011	11.00	8.00	95,39,844	11.04	8.40	61,64,277
Oct. 2011	9.30	8.00	25,25,963	9.15	8.05	18,41,477
Nov. 2011	9.50	5.95	34,38,602	9.50	6.00	22,26,477
Dec. 2011	7.10	4.90	23,51,622	7.01	4.90	12,41,410
Jan. 2012	7.90	4.95	1,09,40,325	7.89	4.40	70,82,063
Feb. 2012	7.45	5.55	55,21,763	7.43	5.56	37,45,537
Mar. 2012	6.25	4.35	79,13,420	6.39	4.28	50,71,309

- ii. Market capitalization:

Market capitalization	NSE	BSE
As on 31st March, 2012 (Rs.)	162,54,48,531	162,54,48,531

- iii. Performance in comparison to BSE Sensex:

Month	BSE Sensex		Indosolar Limited	
	High	Low	High (Rs.)	Low (Rs.)
Apr. 2011	19,811.14	18,976.19	20.40	17.20
May 2011	19,253.87	17,786.13	18.60	15.00
June 2011	18,873.39	17,314.38	17.00	13.90
July 2011	19,131.70	18,131.86	15.70	13.05
Aug. 2011	18,440.07	15,765.53	13.80	8.00
Sep. 2011	17,211.80	15,801.01	11.04	8.40
Oct. 2011	17,908.13	15,745.43	9.15	8.05
Nov. 2011	17,702.26	15,478.69	9.50	6.00
Dec. 2011	17,003.71	15,135.86	7.01	4.90
Jan. 2012	17,258.97	15,358.02	7.89	4.40
Feb. 2012	18,523.78	17,061.55	7.43	5.56
Mar. 2012	18,040.69	16,920.61	6.39	4.28

**(i) Registrar and share transfer agents**

Link Intime India Private Limited, A-40, 2nd Floor, Naraina Industrial Area-II, New Delhi-110028, Phone No.-011- 41410592-94, Fax No.-011-41410591, E.Mail:delhi@linkintime.co.in, Website: linkintime.co.in, Contact person: Mr. V. M. Joshi-V. P. North India Operations.

**(j) Share transfer system**

The shares of the Company are compulsorily traded in dematerialized form. The shares received in physical form are transferred within a period of 30 days from the date of lodgment subject to valid and complete documents in all respects. In order to expedite the process of share transfer in line with corporate governance requirements, the Company has constituted share transfer committee, which looks after, inter-alia, work of share transfer.

All communications regarding change of address, transfer of shares and change of mandate (if the shares are held in physical form) can be addressed to our registrar and share transfer agents- Link Intime India Private Limited.

**(k) Shareholding**

(a) The distribution of shareholding of the Company as on 31st March, 2012 is as under:

Shareholding of nominal value (Rs.)	No. of shareholders	% to total shareholders	Nominal amount of shares held of Rs. 10 each	% to total nominal amount
Upto 2,500	18,043	32.94	2,47,57,660	0.74
2,501-5,000	12,692	23.17	4,90,12,090	1.46
5,001-10,000	10,243	18.70	8,38,88,280	2.50
10,001-20,000	7,949	14.51	13,36,84,700	3.99
20,001-30,000	1,773	3.24	4,67,77,470	1.40
30,001-40,000	847	1.55	3,14,83,900	0.94
40,001-50,000	889	1.62	4,30,86,070	1.29
50,001-1,00,000	1,222	2.23	9,55,08,960	2.85
1,00,001 & above	1,116	2.04	2,84,32,41,140	84.83
<b>TOTAL</b>	<b>54,774</b>	<b>100.00</b>	<b>3,35,14,40,270</b>	<b>100.00</b>

(b) Shareholding pattern of the Company as on 31st March, 2012 is as under:

Category of shareholders	No. of shares of Rs. 10 each	% to total shares
Promoter and Promoter Group	20,69,99,997	61.76
Mutual Funds/UTI	15,58,689	0.47
Financial Institutions/Banks	1,59,15,746	4.75
Foreign Institutional Investors	56,793	0.02
Bodies Corporate	2,45,47,444	7.32
Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,55,32,413	13.59
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3,01,92,141	9.01
Trusts	42,644	0.01
Foreign Nationals	4,000	0.00
Non-Resident Indians	20,05,832	0.60
Overseas Corporate Bodies	36,40,579	1.09
Clearing Members	2,73,800	0.08
Hindu Undivided Families	43,73,949	1.30
<b>TOTAL</b>	<b>33,51,44,027</b>	<b>100.00</b>

**(l) Dematerialization of shares and liquidity**

The shares of the Company are available for trading in the depository system of both National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2012, 33,01,02,863 equity shares of Rs. 10/- each forming 98.50% of the share capital of the Company stands dematerialized. The entire equity shares of the Company are listed at NSE and BSE and thus are liquid.

**(m) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

**(n) Plant locations**

3C/1, Ecotech-II, Udyog Vihar, Greater Noida-201306, Uttar Pradesh

**(o) Status of investors' complaints**

The status of investors' complaints as on 31st March, 2012 is as follows:

Number of complaints as on 1st April, 2011	Nil
Number of complaints received during the Financial Year 2011-2012	5
Number of complaints resolved upto 31st March, 2012	5
Number of complaints pending as on 31st March, 2012	Nil

The complaints received were in the nature of non-receipt of refund orders, correction on refund order and non-receipt of annual report.

There were no pending requests for transfer of shares of the Company as on 31st March, 2012.

**(p) Name, designation and contact details of Compliance Officer**

Mr. A.K. Mittal, Company Secretary, is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

**Indosolar Limited**

3C/1, Ecotech-II, Udyog Vihar

Greater Noida-201306, Uttar Pradesh

Tel. No. : +91-120-4762500; Fax No.: +91-120-4762525

E. mail: atul.mittal@indosolar.co.in

**(q) Address for correspondence****Corporate Office****Mr. A.K. Mittal**

Company Secretary

Indosolar Limited

3C/1, Ecotech-II, Udyog Vihar

Greater Noida-201306, Uttar Pradesh

Tel. No. : +91-120-4762500; Fax No.: +91-120-4762525

E. mail: atul.mittal@indosolar.co.in

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**Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certificate**

We, Hulas Rahul Gupta, Managing Director and Anand Kumar Agarwal, Whole Time Director & Chief Financial Officer of INDOSOLAR LIMITED, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2012 and:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Greater Noida  
Date : 11.08.2012

**H.R. GUPTA**  
(Managing Director)

**A.K. AGARWAL**  
(Whole Time Director &  
Chief Financial Officer)

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**Declaration for Compliance with the Code of Conduct of the Company as per Clause 49(I)(D)(ii) of Listing Agreement**

I, Hulas Rahul Gupta, Managing Director of Indosolar Limited declare that as of 31<sup>st</sup> March, 2012, all board members and senior management personnel have affirmed compliance with Code of Conduct of the Company.

Place : Greater Noida  
Date : 11.08.2012

**H.R. GUPTA**  
(Managing Director)

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**Compliance Certificate on Conditions of Corporate Governance**

To the Members of  
**INDOSOLAR LIMITED**

We have examined all relevant records of INDOSOLAR LIMITED (the Company) for the purpose of certifying of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges for the financial year ended 31<sup>st</sup> March, 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of Clause 49 of the Listing Agreement.

For **CHANDRASEKARAN ASSOCIATES**  
Company Secretaries

**DR. S. CHANDRASEKARAN**  
Senior Partner  
(Membership No. FCS 1644, CP 715)

Place: Delhi  
Date : 11.08.2012

## AUDITORS' REPORT

To the Members of  
**Indosolar Limited**

1. We have audited the attached Balance Sheet of Indosolar Limited ("the Company") as at 31st March, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date ("financial year"), annexed thereto. 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 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 misstatement. 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 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 (Auditor's Report) Order, 2003 ('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 said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (v) on the basis of written representations received from the Directors of the Company, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956;
  - (vi) without qualifying our opinion, attention is invited to Note 28, with regard to impairment assessment carried out by management as of 31st March, 2012 based on cash flows determined after taking into account the current business realities and which has been incorporated in the Corporate Debt Restructuring ('CDR') package approved by the consortium of banks ('CDR Cell'). Such cash flows do not indicate impairment as at 31st March, 2012.

As elaborated in the note, the achievement of such cash flows is dependent upon sustaining reasonable gross margins despite 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 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; and

- (vii) Without qualifying our opinion, attention is invited to note 6 (iii) (f) that highlights that one of the lending banks has not signed the joint Master Restructuring Agreement. However for purposes of the attached financial statements, the owings to this particular bank including interest due at lower rates have been disclosed / calculated in accordance with the terms of the CDR package per Letter of Approval dated 7th March, 2012 received from the CDR cell. As informed to us the owings to this particular bank have been reclassified / interest calculated in accordance with the CDR package as the necessary stipulated majority of the CDR cell has agreed to the CDR package. Accordingly, short term borrowings comprising cash credit amounting to Rs. 1,223.92 lakhs and devolved Letter of Credit amounting to Rs. 511.57 lakhs have been reclassified as Long Term Borrowing (Rs 1,402.43) and Short Term Borrowings (Rs. 333.06 lakhs) as at 31st March, 2012. The existing term loan of Rs. 5,996.79



lakhs has been disclosed as long term borrowing with nil current maturities. The interest due w.e.f 1st July, 2011 till 31st March, 2012 at revised rates amounting to Rs. 549.73 lakhs has been reclassified as a Funded Interest Term Loan. The above reclassifications and interest calculations are subject to reconciliation and approval by this particular bank.

- (viii) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For B S R and Associates**  
*Chartered Accountants*  
Firm Registration No.: 128901 W

**VIKRAM ADVANI**  
*Partner*

Place : Gurgaon  
Date : 30.05.2012

Membership No.: 091765

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**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with the policy, the Company has carried out physical verification of majority of its fixed assets during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed to us, no material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) (a) The Company had taken interest free loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year in respect of such loan was Rs 418.62 lakhs and the year-end balance of such loan is Rs 418.62 lakhs.
- In our opinion, the terms and conditions on which interest free loan had been taken from such party are not, prima facie, prejudicial to the interest of the Company.
- In the case of interest free loan taken from a party listed in the register maintained under Section 301, the Company is not permitted to repay the loan under the terms and condition of restructuring agreement approved by the CDR Cell, unless the same has been approved by CDR Cell. As informed by the management and according to the terms and conditions of restructuring agreement, the loan has accordingly not been repaid by the Company during the year.
- (b) 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.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of

inventories and fixed assets and with regard to sale of goods. The activities of the Company do not involve rendering of services. We did not observe any major weakness in internal controls during the course of our audit.

- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, there are no contracts or arrangement referred to in (a) above that exceeds the value of Rs. 5 lakh during the year except interest free loan taken from a party covered in the register maintained under Section 301 of the Companies Act, 1956. Refer to our comments in respect of transaction related to loan taken in para (iii) (a) above.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including Income tax, Provident Fund, Employees' State Insurance, Sales tax, Wealth tax, Excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities *except Service tax and work contract tax where there have been serious delays in few cases*. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Customs duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty and other material statutory dues were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts in respect of Income tax, Sales tax, Service tax, Wealth tax and Excise duty that have not been deposited with appropriate authorities on account of any dispute. As explained to us, the provisions relating to Customs duty are not applicable to the Company.
- (x) *The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.*
- (xi) *In our opinion and according to the information and explanations given to us, and on the basis of our examination of the books of account and related records, we observed following delays in the repayment of principal sums and interest thereon to banks:*

Name of the lender	Period of default in days	Minimum amount of default (Rs. in lakhs)	Maximum amount of default (Rs. in lakhs)
Corporation Bank	1 to 271	0.64	3,522.47
Bank of Baroda	6 to 274	74.59	3,303.07
Indian bank	18 to 274	70.58	2,977.80
Union Bank of India	1 to 212	20.12	1,806.11
Andhra Bank	6 to 308	14.52	4,174.46

However, as explained in Note 6 of financial statements the Corporate Debt Restructuring Empowered Group approved a restructuring package on 28th March, 2012 in terms of which the Existing loans were restructured with effect from 1st July, 2011. As a consequence, there are no overdue amounts outstanding towards interest and principal as at year end.

- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.

- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion 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.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short-term basis amounting to Rs. 2,254.50 lakhs have been used for long-term investment.*
- (xviii) The Company has not made any preferential allotment of shares to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified the end-use of money raised by public issues as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R and Associates**  
*Chartered Accountants*  
Firm Registration No.: 128901 W

**VIKRAM ADVANI**  
*Partner*  
Membership No.: 091765

Place : Gurgaon  
Date : 30.05.2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**  
(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	NOTE	As at 31st March, 2012	As at 31st March, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	2	33,514.40	33,514.40
(b) Reserves and surplus	3	(12,517.42)	7,719.05
		<b>20,996.98</b>	41,233.45
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	73,314.84	27,589.45
(b) Other long-term liabilities	7	5,535.56	—
(c) Long-term provisions	8	25.26	48.17
		<b>78,875.66</b>	27,637.62
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5	2,956.97	15,655.09
(b) Trade payables	9	2,500.58	3,499.90
(c) Other current liabilities	10	3,289.08	12,161.55
(d) Short-term provisions	8	10.97	1.34
		<b>8,757.60</b>	31,317.88
	<b>TOTAL</b>	<b>108,630.24</b>	100,188.95
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11(a)	56,081.86	59,480.42
(ii) Intangible assets	11(b)	6.19	8.61
(iii) Capital work-in-progress	11(c)	42,055.67	1,521.46
		<b>98,143.72</b>	61,010.49
(b) Long-term loans and advances	13	1,068.58	10,571.70
(c) Other non-current assets	14	2,918.06	3,277.99
		<b>3,986.64</b>	13,849.69
<b>2 Current assets</b>			
(a) Current investments	15	9.65	6,600.00
(b) Inventories	16	3,210.60	9,986.68
(c) Trade receivables	17	1,081.87	6,308.19
(d) Cash and bank balances	18	1,046.91	1,192.99
(e) Short-term loans and advances	13	1,000.01	1,203.74
(f) Other current assets	14	150.84	37.17
		<b>6,499.88</b>	25,328.77
	<b>TOTAL</b>	<b>108,630.24</b>	100,188.95
<b>Significant accounting policies</b>	<b>1</b>		

The accompanying notes form an integral part of the financial statements.

As per our report attached.

For **B S R and Associates**  
Chartered Accountants  
Firm Registration No.128901W

**VIKRAM ADVANI**  
Partner  
Membership No.091765

Place : Gurgaon  
Date : 30.05.2012

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

**H.R. GUPTA**  
Managing Director

**A.K. AGARWAL**  
Whole Time Director

**A.K. MITTAL**  
Company Secretary

Place : New Delhi  
Date : 30.05.2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	NOTE	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>I Revenue from operations</b>			
Sale of product (gross)	19	8,183.69	54,385.15
Less : Excise duty		49.43	44.96
Sale of product (net)		8,134.26	54,340.19
Other operating revenue	19	1,063.23	3,855.12
<b>II Other income</b>	20	521.08	907.67
<b>III Total revenue</b>		9,718.57	59,102.98
<b>IV Expenses</b>			
Cost of material consumed	21	8,611.61	51,208.37
Change in inventories of finished goods and work in progress	22	4,892.41	(2,766.75)
Employee benefits expenses	23	1,046.95	1,218.94
Other expenses	24	6,057.22	6,403.03
<b>Total expenses</b>		20,608.19	56,063.59
<b>V Profit/(Loss) before finance costs, depreciation /amortisation cost and exceptional items</b>		(10,889.62)	3,039.39
<b>VI Finance costs</b>	25	5,925.09	6,766.77
<b>VII Depreciation and amortisation expenses</b>	26	3,421.76	5,182.86
<b>VIII (Loss) before exceptional items and tax</b>		(20,236.47)	(8,910.24)
Exceptional item	40	-	(3,167.65)
<b>(Loss) before tax</b>		(20,236.47)	(5,742.59)
<b>Tax expense</b>		-	1.34
<b>(Loss) for the year</b>		(20,236.47)	(5,743.93)
Basic earnings per share	27	(6.04)	(2.09)
Diluted earnings per share	27	(6.04)	(2.09)
<b>Significant accounting policies</b>	1		

The accompanying notes form an integral part of the financial statements.

As per our report attached.

 For **B S R and Associates**  
 Chartered Accountants  
 Firm Registration No.128901W

 For and on behalf of the Board of Directors of  
**Indosolar Limited**
**VIKRAM ADVANI**  
 Partner  
 Membership No.091765

**H.R. GUPTA**  
 Managing Director

**A.K. AGARWAL**  
 Whole Time Director

**A.K. MITTAL**  
 Company Secretary

 Place : Gurgaon  
 Date : 30.05.2012

 Place : New Delhi  
 Date : 30.05.2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax	(20,236.47)	(5,742.59)
<b>Adjustments for:</b>		
Depreciation	3,421.76	5,182.86
Loss / (profit) on sale of fixed assets	(85.21)	9.47
Interest expense	5,727.70	6,352.17
Interest income from fixed deposits	(373.36)	(248.99)
Interest from investments	(51.46)	(622.29)
Excess provision no longer required written back	(5.41)	–
Provision for doubtful debts	105.31	26.74
Bad debts written off	494.89	33.53
Debit balances written off	–	31.05
Unrealised exchange (gain)/Loss (net)	(93.34)	255.93
<b>Operating profit before working capital changes</b>	<b>(11,095.59)</b>	<b>5,277.88</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in provisions	(13.28)	22.27
(Increase)/decrease in trade payables	(755.46)	(2,597.05)
(Increase)/decrease in other current assets	(72.46)	–
(Increase)/decrease in trade receivables	4,481.00	(4,065.00)
(Increase)/decrease in inventories	6,776.08	(2,295.60)
(Increase)/decrease in loans and advances	103.81	(405.95)
(Increase)/decrease in other current liabilities	260.61	516.93
<b>Cash generated from operations</b>	<b>(315.29)</b>	<b>(3,546.52)</b>
Direct taxes paid	38.00	26.75
<b>Net cash generated from operations</b>	<b>(353.29)</b>	<b>(3,573.27)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(25,310.24)	(13,147.32)
Proceeds from sale of fixed asset	115.53	7.51
Proceeds from fixed deposits on maturity	7,232.48	–
Amount invested in fixed deposit	(5,835.55)	(3,460.14)
Proceeds from sale of investments in money markets mutual fund	6,590.35	–
Investment made in money market mutual fund	–	(6,600.00)
Interest received	228.19	827.47
<b>Net cash used from investing activities</b>	<b>(16,979.24)</b>	<b>(22,372.48)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	–	12,310.34
Proceeds from premium on shares issued	–	23,389.66
Proceeds from loan taken	<b>46,782.68</b>	24,139.64
Repayment of loans	<b>(22,957.65)</b>	(25,962.38)
Share issue expenses	–	(3,088.63)
Interest paid	<b>(5,757.00)</b>	(6,528.60)
Payment towards ancilliary cost	<b>(104.66)</b>	–
<b>Net cash from financing activities</b>	<b>17,963.37</b>	24,260.03
<b>Net increase in cash and cash equivalents</b>	<b>630.84</b>	(1,685.72)
<b>Opening cash and cash equivalents</b>	<b>2.99</b>	1,685.81
Add: Exchange loss/(gain) on foreign currency in hand	–	2.90
<b>Closing cash and cash equivalents</b>	<b>633.83</b>	2.99
<b>Cash and cash equivalent comprises of:</b>		
Cash in hand	<b>0.07</b>	0.41
Balances with scheduled banks	<b>437.38</b>	2.58
Fixed deposits	<b>196.38</b>	–
	<b>633.83</b>	2.99

**Notes:**

- The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 – Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- The accompanying notes form an integral part of the financial statements.
- Significant non cash adjustment in previous year include (i) Rs. 107.94 related to remuneration paid to managerial personnel treated as advance in the year ended 31st March, 2010 was adjusted towards part payment of unsecured loan from such personnel. (ii) Compensation received from delay in supply of machinery amounting to Rs. 905.51 (equivalent to EURO 15.00 lakhs) was adjusted to the cost of machinery

As per our report attached.

For **B S R and Associates**  
 Chartered Accountants  
 Firm Registration No.128901W

**VIKRAM ADVANI**  
 Partner  
 Membership No.091765

Place : Gurgaon  
 Date : 30.05.2012

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

<b>H.R. GUPTA</b>	<b>A.K. AGARWAL</b>	<b>A.K. MITTAL</b>
Managing Director	Whole Time Director	Company Secretary

Place : New Delhi  
 Date : 30.05.2012

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(All amounts in Rupees lakhs, unless otherwise stated)

**1 SIGNIFICANT ACCOUNTING POLICIES****i. Basis of preparation**

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs. This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

The Company has incurred significant losses in the year ended 31st 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 continue 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 as more fully explained in Note 6. Under the debt restructuring package additional credit facilities have been 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 28.

**ii. Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates for provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets and estimates of future cash flow for impairment testing. Difference between the actual results and estimates are recognised in the year in which such results are materialised. Any revision to accounting estimates is recognised in accordance with the requirement of the respective Accounting Standard, generally prospectively, in current year and future period.

**iii. Revenue recognition**

*Sale of goods* : Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers.

*Interest income* : Interest income is recognised using the time proportionate method, based on interest rates implicit in the transaction.

*Job work income* : Job work income is recognised on completion of conversion from wafers to solar cells in accordance with the terms of the contract.

**iv. Inventories**

Raw materials and finished goods are valued at the lower of cost and net realisable value. The cost of purchase consists of the purchase price including duties and taxes other than those subsequently recoverable by the enterprise from the taxing authorities, freight inwards and other expenditure directly attributable for its acquisition.

Cost is determined on the basis of first-in first-out method. In respect of finished goods, cost includes appropriate share of manufacturing overheads, wherever applicable.

Obsolete and slow moving inventories are identified at the time of physical verification of inventories and, where necessary, a provision for obsolescence is recognised or the same is written-off.

Consumable stores are charged to revenue at the point of purchase.

Stock of scrap and waste is valued at estimated realisable value. Machinery spares that are of regular use are charged to Statement of Profit and Loss as and when consumed.



**v. Fixed assets**

Fixed assets including machinery spares are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental costs related to acquisition and installation. In respect of fixed assets constructed, costs comprises costs of construction that relate directly to the specific asset and administration and other general overhead expenses that are directly attributable to the construction activity and can be allocated to the specific asset.

Cost of assets not ready for use, advances paid towards acquisition of fixed assets and administration and other general overhead expenses that are directly attributable to the construction activity of specific asset until commissioning of such assets, are disclosed as Capital Work in Progress.

**vi. Depreciation**

*Tangible assets* : Depreciation has been calculated on a pro rata basis, under the straight-line method over the useful life of assets, based on rates specified in Schedule XIV to the Companies Act, 1956, except mobile phones and leasehold land. Mobile phones (included under office equipments) are depreciated over a period of one year and leasehold land is amortised over the period of lease on straight line basis. Machinery spares are depreciated over the useful life of 5 years on a pro rata basis.

*Intangible assets* : Intangible assets representing computer software are depreciated over a period of 5 years on a pro rata basis.

Assets costing upto Rs. 5,000 are fully depreciated in the year of purchase.

**vii. Impairment**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is recorded only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

**viii. Operating leases**

Lease rental in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

**ix. Foreign currency transactions**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of Balance Sheet. The resulting difference is recorded in the Statement of Profit and Loss.

In respect of forward exchange contracts taken by the Company for hedging purposes, the premium or discount on such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as an income or expense for the period. The exchange difference on such a forward exchange contract is calculated as the difference between:

- (a) the foreign currency amount of the contract translated at the exchange rate at the Balance Sheet date, or the settlement date where the transaction is settled during the reporting period; and
- (b) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

**x. Taxation**

Income taxes are accrued in the same period in which the related revenue and expense arise. Income tax expenses comprise current tax (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Deferred tax consequences of timing differences that originate in the tax holiday period and reverse after the tax holiday period are recognised in the period in which the timing differences originate.

**xi. Earnings per share**

Basic earning per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares except where the results would be anti-dilutive.

**xii. Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as expense in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalisation during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

Expenses incurred on commitment charges and other ancillary costs related to availing of loan facility or loan commitment from banks are amortised over the period of loan commencing from the first drawdown of such loans. Until such commencement of amortisation, they are disclosed in the financial statements as unamortised borrowing cost.

**Xiii. Employee benefits**

The Company's obligations towards various employee benefits have been recognised as follows:

Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, short-term compensated absences and the expected cost of other benefits is recognised in the period in which the employee renders the related service.

Post employment benefits:

- **Defined contribution plan**  
The Provident Fund Scheme is a defined contribution plan. The Company's contribution to defined contribution plans is recognised in the Statement of Profit and Loss in the financial year to which they relate.
- **Defined benefit plans**  
The Company's gratuity scheme is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.
- **Other long term employee benefit:**  
As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. The Company accounts for the liability for compensated absences payable in future and long service awards based on an independent actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**xiv. Miscellaneous expenditure**

Share issue expenses are adjusted against the Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

**xv. Provisions and contingencies**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
(All amounts in Rupees lakhs, unless otherwise stated)

**2. SHARE CAPITAL**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised share capital</b> 500,000,000 (Previous year 500,000,000) equity shares of Rs. 10 each	<b>50,000.00</b>	50,000.00
<b>Issued, subscribed and paid up equity shares</b> 335,144,027 (Previous year 335,144,027) equity shares of Rs. 10 each	<b>33,514.40</b>	33,514.40

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31st March, 2012		As at 31st March, 2011	
	Number ('000)	Amount	Number ('000)	Amount
At the beginning of the year	335,144.03	33,514.40	208,400.00	20,840.00
Add : Fresh allotment of share by way of IPO	-	-	123,103.45	12,310.34
Add : Fresh allotment of share other than by IPO	-	-	3,640.58	364.06
At the end of the year	335,144.03	33,514.40	335,144.03	33,514.40

**b. Term and rights attached to Equity shares**

The Company has only one type of equity shares having par value of Rs. 10 each per share. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is entitled to one vote per share except, in respect of any shares on which any calls or other sums payable have not been paid. The Company pays and declares dividends in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c. Particulars of shareholders holding more than 5% equity shares**

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number ('000)	% holding in the equity share	Number ('000)	% holding in the equity share
<b>Equity shares of Rs. 10 each fully paid</b>				
Bhushan Kumar Gupta (Chairman)	56,500.00	16.86%	56,500.00	16.86%
Hulas Rahul Gupta (Managing Director)	80,385.49	23.99%	80,385.49	23.99%
Greenlite Lighting Corporation	70,114.50	20.92%	70,114.50	20.92%

**d. Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding 31st March, 2012**

- (i) 185,000 equity shares (in '000) of Rs. 10 each, fully paid and 15,000 equity shares (in '000) of Rs. 0.50 each partly paid were issued to the shareholders of erstwhile Indosolar Limited in the year ended 31st March, 2009 in accordance with the scheme of amalgamation. Such partly paid equity shares were made fully paid prior to the effective date of scheme of amalgamation i.e. 24th September, 2009.
- (ii) No shares have been bought back during the five-year period ended 31st March, 2012 (31st March, 2011).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
(All amounts in Rupees lakhs, unless otherwise stated)

**3. RESERVES AND SURPLUS**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Securities premium account</b>		
At the commencement of the year	21,487.58	364.00
Premium on issue of shares	-	24,481.83
Utilised during the year #	-	(3,358.25)
<b>Closing balance</b>	<b>21,487.58</b>	<b>21,487.58</b>
<b>(Loss) in the Statement of Profit and Loss</b>		
At the commencement of the year	(13,768.53)	(8,024.60)
Add: (Loss) for the year	(20,236.47)	(5,743.93)
<b>Net (loss) in the Statement of Profit and Loss</b>	<b>(34,005.00)</b>	<b>(13,768.53)</b>
<b>Total Reserves and surplus</b>	<b>(12,517.42)</b>	<b>7,719.05</b>

# Share issue expenses amounting to Rs. 3,088.64 incurred during the year ended 31st March, 2011 and the balance of Rs. 269.61 remaining unamortised as at 31st March, 2010 was adjusted against the Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

**4. LONG TERM BORROWINGS \***

Particulars	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Term loans from banks (secured) #	-	27,580.24	-	9,200.00
Facility A - Term Loan (secured) #	34,485.82	-	-	-
Facility B - Priority Medium Term Loan (secured) #	2,200.00	-	-	-
Facility C - Working Capital Term Loan (secured) #	9,964.68	-	-	-
Facility D - Funded Interest Term Loan (secured) #	3,502.00	-	-	-
Term loan from Union Bank (secured) #	64.09	-	-	-
Deferred payment liability (refer note 6(iii)(c)) (secured) #	22,142.26	-	-	-
Vehicle loan (secured)	5.99	9.21	3.21	5.46
<b>Loan from related party:</b>				
Loan from shareholders (unsecured) {Refer to note 6(ii)}	950.00	-	-	-
	<b>73,314.84</b>	<b>27,589.45</b>	<b>3.21</b>	<b>9,205.46</b>
<b>Total above amount includes</b>				
Secured borrowings	72,364.84	27,589.45	-	9,205.46
Unsecured borrowings	950.00	-	3.21	-
	<b>73,314.84</b>	<b>27,589.45</b>	<b>3.21</b>	<b>9,205.46</b>
Less: Amount disclosed under "other current liabilities" (refer note 10)	-	-	(3.21)	(9,205.46)
	<b>73,314.84</b>	<b>27,589.45</b>	<b>-</b>	<b>-</b>

\* Refer note 6

# Also refer note 6 (iii) (b)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
(All amounts in Rupees lakhs, unless otherwise stated)

**5. SHORT TERM BORROWINGS \***

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash credit loans repayable on demand (secured) #	2,432.62	4,617.62
Packing credit (secured) #	-	1,534.14
Buyers credit (secured) #	524.35	2,100.61
Bill discounted (secured) #	-	2,702.72
Short term loan from bank (secured) #	-	4,700.00
	<b>2,956.97</b>	15,655.09
<b>Total above amount includes</b>		
Secured borrowings	<b>2,956.97</b>	15,655.09
Unsecured borrowings	-	-

\* Refer note 6

# Also refer note 6 (iii) (b)

**i) Principal terms of repayment, rate of interest and security for borrowings during the current year**

**Nature of Security**

**a) Facility A - Term Loans [Rs. 34,485.82 (previous year: Nil)]**

- (i) First pari passu charge on fixed assets both present and future.
- (ii) Second pari passu charge on all moveable properties including moveable machinery, machinery spares, solar cells manufacturing lines, tools and accessories, book debts, current assets, present and future, including stock of raw materials, semi-finished and finished goods, consumable stores, book debts etc.
- (iii) The loan facilities are also secured by way of personal guarantees given by the Directors of the Company i.e. Mr. B. K. Gupta and Mr. H.R. Gupta.
- (iv) The loan facilities are further secured by the pledge of 100% of the equity share capital held by the promoters of the Company.

**b) Facility B - Priority Medium Term Loan [Rs. 2,200.00 (previous year: Nil)]**

- (i) Priority medium term loans of Rs. 2,200 of Andhra bank have priority charge on subsidy receivable.
- (ii) In addition, the facility is secured as described in (a) above

**c) Facility C - Working Capital Loan (WCTL) [Rs. 9,964.68 (Previous year: Nil)]**

The facility is secured as described in (a) above

**Terms of repayment and rate of interest**

Repayment term:

30 stepped up quarterly instalments commencing from 31st December, 2013 and ending on 31st March, 2021.

Rate of interest:

The rate of interest shall be 10.75% p.a. till 31st March, 2014 and the same shall increase by 0.25% per annum thereafter, till it reaches maximum of 12%.

Repayment term:

Loan shall be repayable on or before 31st March, 2015 out of the disbursement of Capital Subsidy under Special Incentive Package (SIP).

Rate of interest:

The rate of interest shall be 11% p.a.

Repayment term:

30 stepped up quarterly installments commencing from 31st December, 2013 and ending on 31st March, 2021.

Rate of interest:

The rate of interest shall be 6.75% p.a. till 31st March, 2013 and will be increased to 10.75% w.e.f. 1st April, 2013

**d) Facility D - Funded Interest Term Loan ('FITL') [Rs. 3,502.00 (Previous year: Nil)]**

The facility is secured as described in (a) above

Repayment term:

22 stepped up Quarterly Instalments commencing from 31st December, 2013 and ending on 31st March, 2019.

Rate of interest:

Interest shall be charged @ 6.75% p.a. up till 31st March, 2013 and will be increased to 10.75% w.e.f. 1st April, 2013.

**e) Term loan from Union Bank [Rs. 64.09 (Previous year: Nil)]**

The facility is secured as described in (a) above

Repayment term:

29 stepped up Quarterly Instalments commencing from 31st March, 2014 and ending on 31st March, 2021.

Rate of interest:

Interest shall be charged @ 11.00% p.a.

**f) Deferred payment liability [Rs. 22,142.26 (Previous year: Nil)]**

The facility is secured as described in (a) above

Repayment term:

29 stepped up Quarterly Instalments commencing from 31st March, 2014 and ending on 31st March, 2021.

Rate of interest:

Interest shall be charged @ 11.00% p.a.

**g) Vehicle loan [Rs. 9.20 (previous year Rs. 14.67)]**

Vehicle loan is secured by the hypothecation of specific vehicle.

The loan is repayable in 35 equated monthly instalments in accordance with terms and conditions of bank started from 1st November, 2010 till 1st September, 2013.

**h) Cash credit loan repayable on demand (Rs. 2,432.62)**

(i) First pari passu charge on all moveable properties including moveable machinery, machinery spares, solar cells manufacturing lines, tools and accessories, book debts, current assets, present and future, including stock of raw materials, semi-finished and finished goods, consumable stores, book debts etc.

(ii) Second pari passu charge on fixed assets both present and future.

(iii) The loan facilities are also secured by way of personal guarantees given by the Directors of the Company i.e. Mr. B. K. Gupta and Mr. H.R. Gupta.

(iv) The loan facilities are further secured by the pledge of 100% of the equity share capital held by the promoters of the Company.

Repayment term:

The loan is repayable on demand.

Rate of interest:

Interest shall be charged @10.75% p.a. till 31st March, 2013 and to be reviewed thereafter on annual basis.

**i) Buyer's credit (Rs. 524.35)**

The facility is secured as described in (h) above

Repayment term:

The loan is repayable in a period not exceeding 360 days from date of its origination.

Rate of interest:

Interest shall be charged @2.59% p.a.

**ii) Principal terms of repayment, rate of interest and security for borrowings during the previous year****j) Term loan from banks [Rs. Nil (Previous year: Rs. 36,780.24)]**

- (i) Secured by first mortgage of all immovable properties of the Company, both present and future and leasehold land, ranking pari-passu with all charge holders, being lending banks forming a consortium.
- (ii) Secured by a first charge by way of hypothecation of all moveable properties, including moveable machinery, machinery procured under letter of credit, machinery spares, equipments, electrical fittings, air conditioners, power generators insulation, installations, fixtures, vehicles, moveables and other assets, construction equipments, tools and accessories, both present and future, ranking pari-passu with all charge holders, being lending banks forming a consortium.
- (iii) Secured by an assignment of:
  - (a) all the escrow account and all rights and interests therein, present and future;
  - (b) the rights, title and interest, by way of first charge, in and under all of the project documents, contracts, licenses, permits, consents; indemnities and securities that may be furnished by any counter party under any project documents or contracts in favour of the Company after obtaining the written consent of the parties thereto, if necessary; and
  - (c) the rights, title and interest in, by way of first charge, all government approvals, insurance policies.
- (iv) The loan facilities were further secured by the pledge of 51% of the equity share capital held by the promoters of the Company.
- (v) The loan facilities were also secured by way of personal guarantees given by the Directors of the Company i.e. Mr. B. K. Gupta and Mr. H.R. Gupta.

The term loans had been taken from consortium of five banks.

Repayment term:

16 equal quarterly instalments of Rs. 2,300.

Rate of interest:

The rate of interest varied from 12.85% to 14.75% p.a.

**k) Short term working capital loans includes Cash credit, Packing credit, bill discount and buyer's credit [Rs. Nil (previous year Rs. 10,955.09)]**

- (i) Secured by first mortgage of all immovable properties of the Company, both present and future and leasehold land, ranking pari-passu with all charge holders, being lending banks forming a consortium.
- (ii) Secured by pari-passu first charge on inventory, book debts and current assets of the Company.
- (iii) The loan facilities were also secured by way of personal guarantees given by the Directors of the Company i.e. Mr. B. K. Gupta and Mr. H.R. Gupta.

Short Term working capital loans were taken from consortium of five banks.

Repayment term:

Short term working capital loans were repayable from 33 to 360 days.

Rate of interest:

Rate of Interest on short term working capital loans varied from 1.15% to 17.25% p.a.

**l) Short term loan from bank (Rs. Nil (Previous year: Rs. 4,700))**

- (i) Secured by first charge by way of hypothecation on pari-passu basis of all those machinery, plant, capital goods and other assets purchased or to be purchased whether installed or not. Further secured by way of hypothecation of all plant and machinery installed at factory building on pari-passu with other banks.
- (ii) The loan facilities were also secured by way of personal

Repayment term:

Short term loan were repayable from 6 months to 12 month.

Rate of interest:

Rate of interest on short term loan varied from 13% p.a. to 13.25% p.a.

guarantees given by the Directors of the Company  
i.e. Mr. B. K. Gupta and Mr. H.R. Gupta.

## 6 DEBT RESTRUCTURING

### i) Background

The Company had set up a green field project for manufacturing Solar Photovoltaic cells with a capacity of 160 MW, comprising two lines of 80 MW each under Phase –I and are in the process of setting up an additional manufacturing facility Line -3 with a 200 MW capacity under Phase – II, at Plot No. 3C/1 Ecotech-II, Udyog Vihar Greater Noida in the State of Uttar Pradesh. The existing lending banks ('Lenders') had, at the request of the Company, sanctioned Term loans, deferred payment guarantee facilities and working capital facilities on such terms and conditions as contained in various loan agreements / facility agreements entered into between the Company and the Lenders.

### ii) Conditions leading to restructuring

The Company witnessed 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. Also, the current mismatch between cost and selling prices 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 of its existing loans with the Corporate Debt Restructuring Cell ('CDR Cell'). At the request of the Company and in consideration of its commitment to improve its operations, the application so filed was referred to the Corporate Debt Restructuring Forum, a non-statutory voluntary mechanism set up under the aegis of the Reserve Bank of India (hereinafter referred to as the "CDR"). Pursuant thereto, the CDR Empowered Group at their meeting held on 30th January, 2012 approved a restructuring package in terms of which the existing loans were restructured and certain additional financial assistance was proposed to be extended to the Company as set out in the Letter of Approval dated 7th March, 2012 issued by Corporate Debt Restructuring Cell to the Lenders and the Company (hereinafter referred to as the "CDR Package")

The terms and conditions of the CDR are binding on the Lenders and the Company, effective from the date of the signing of the Master Restructuring Agreement ('MRA') i.e. 28th March, 2012 (except in case of Indian Bank wherein the ('MRA') is yet to be signed) with each of the Lenders. Under the CDR package, the Company is entitled to the reliefs and concessions granted by the Lenders pursuant to the Approved CDR Package, with effect from 1st July, 2011 ('the Relevant Date'). In connection with obtaining the necessary approvals for restructuring of existing loans, the promoters were required to contribute funds in accordance with sanction letter. As a consequence, the Company received an unsecured loan from its promoters amounting to Rs. 950.00.

### iii) Principal terms of the Master restructuring Agreement ('MRA') in accordance with the CDR scheme.

#### a) Waivers of existing events of default and the consequential effect thereof:

The Company in accordance with the terms and conditions of the MRA agreed to the reconstitution of the Existing Loans due to the Lenders pursuant to the CDR Package. As part of the restructuring arrangement, the Lenders waived any existing Events of Default in connection with the Existing loans and any rights, remedies or powers that had arisen in connection therewith. Also, each of the Lenders 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 interest rates specified in the existing documents for financing and security of such Lender as they existed prior to 1st July, 2011, without considering any increase in such rates on account of the occurrence of any default under such documents, together with compound interest, penalties or any other charges thereon under those documents of such Lender during the period commencing on 1st July, 2011 and ending on 30th June, 2013.

#### b) Restructuring of the Existing loans:

- **Each of the Lenders and Company agreed that the Existing Loans shall be reconstituted as follows:**
- Existing Rupee Term Loans of Rs. 34,485.82 together with all interest, charges, costs, expenses and any other amounts accrued and outstanding on 1st July, 2011 has been reconstituted into Facility -A;
- The existing Short Term Loan of Rs. 2,200.00 from Andhra Bank outstanding as on 1st July, 2011 i.e. the Cut-off date shall be rescheduled and converted into "Priority Medium Term Loan" as Facility -B;
- The estimated amount of irregularity as on 31st March, 2012 in Working Capital Limits previously consisting of cash credit, packing credit, buyer's credit facility and bill discounting on the basis of prevailing exchange rates, prevailing realisable value of inventory etc. including irregularities due to anticipated devolvement of LCs upto 31st March, 2012, subject to reconciliation at the time of implementation, shall stand converted



into WCTL as Facility - C;

- The outstanding amount on account of interest on Secured term loans, interest on Short term loan, interest on WCTL and interest on existing Working Capital from cut-off date till 30th June, 2013, not exceeding Rs. 9,845.00 shall stand funded by way of Funded Interest Term Loan ("FITL") as Facility - D

**c) Sanction for additional funding**

**1. Project Loan from Union Bank of India**

Union Bank of India ('UBI') sanctioned a Project Loan amounting to Rs. 27,500 (including Priority Term Loan of Rs. 4,700). The Project Loan by UBI has been sanctioned in the following manner:

- a) The Company has been sanctioned Rs. 22,800 Letter of Credit (LC) opened in favour of M/s. Schmid Technology Systems GmbH ('Schmid') by UBI, for a period of 35 months from the date of shipment out of term loan disbursement. In accordance with the said arrangement, the same shall be converted into Term Loan in February, 2014. Schmid discounted the said Letter of Credit with their bankers (counterparty bank) and UBI in consultation with the Company and Schmid, entered into a Deferred payment credit facility with the counterparty bank wherein, a sum of Rs. 22,142.26 has been paid by the counterparty bank to M/s. Schmid towards imported capital goods. UBI is paying the interest in respect relating to such financing to the counterparty bank, which is being charged to the Company. In accordance with the terms of the agreement with Schmid and the Deferred payment facility, there is no obligation to pay to Schmid as the same has been discharged by the counterparty bank. As a consequence, UBI has an obligation towards the counterparty bank to repay the loan in accordance with the terms agreed at the end of the Letter of credit term i.e. 35 months from the date of shipment. Such amount payable under the Deferred payment mechanism has therefore been classified as Long term borrowings.
- b) Rs. 4,700 out of the said Project Loan shall be disbursed by UBI to the Company towards capital expenditure.

**2. Medium term loan**

As part of the CDR package the Lenders have agreed to provide additional funding in the form of medium term loans of Rs.10,000 for the implementation of 200 MW Plant in the proportion of the outstanding exposure to the Company as on the 1st July, 2011. Such funding shall be in the form of deferred letter of credit for 35 months which shall be funded by the Priority loans.

**d) Reset of Interest Rate:**

The Lenders who are part of the consortium of banks, alongwith the approval of CDR EG, shall have a right to reset the rate of interest on the term loans after every three years (or short period as decided by the CDR EG) and working capital interest rate every year.

**e) Consequential effect of the CDR Scheme on the interest cost and the classification of the interest accrued on borrowings as loans**

As explained in note 6 (iii) (a) above, the Lenders 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 concessional rates approved under the CDR package from 1st July, 2011, the consequential effect has been that there has been a credit received from the Lenders amounting to Rs 1,201.70 and the balance of interest accrued outstanding as at 31st March, 2012 relating to various facilities amounting to Rs 3,502.00 transferred to FITL.

**f) Balances outstanding in relation to facilities availed from Indian Bank pending finalisation and approval**

As explained in note (ii) above, one of the consortium banks i.e. Indian Bank is yet to sign the Master Restructuring Agreement. However, management believes that as per RBI guidelines the CDR package has been approved by super majority of the consortium of banks. Accordingly, the owings to this particular bank have been reclassified and interest has been recalculated in accordance with the CDR package. The short term borrowings comprising cash credit amounting to Rs 1,223.92 and devolved Letter of Credit amounting to Rs. 511.57 have been reclassified as Long term borrowing (Rs. 1,402.43) and Short term borrowings (Rs. 333.06) as at 31st March, 2012. The existing term loan of Rs. 5,996.79 has been disclosed as long term borrowing with Nil current maturities. The interest due w.e.f 1st July, 2011 till 31st March, 2012 at revised rates amounting to Rs. 549.73 has been reclassified as a Funded Interest Term Loan. The above reclassifications and interest calculations are subject to reconciliation and approval by this particular bank.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

### 7. OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Creditor for capital goods	5,535.56	–
	5,535.56	–

### 8. PROVISIONS

Particulars	Long term		Short term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
<b>Provision for employee benefits</b>				
- Provision for gratuity [net of fair value of plan assets Rs. 51.85 (previous year Rs. 21.21)]	–	2.93	–	–
- Provision for compensated absences	25.26	45.24	10.97	–
	25.26	48.17	10.97	–
<b>Other provisions</b>				
Provision for wealth tax	–	–	–	1.34
	–	–	–	1.34
	25.26	48.17	10.97	1.34

### 9. TRADE PAYABLES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables **	2,500.58	3,499.90

\*\* Details of dues to micro and small enterprises defined under the MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26th August, 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31st March, 2012. Based on the information presently available with the Company, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

### 10. OTHERS CURRENT LIABILITIES

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term borrowings (refer note 4)	3.21	9,205.46
Interest accrued but not due on secured loans	258.07	287.37
Creditor for capital goods	2,325.53	2,227.06
<b>Other payables</b>		
Claim against compensation payable	435.67	–
Tax deducted at source payable	14.14	56.69
Other statutory dues payable	14.94	6.58
Salary, wages and bonus payable	193.14	121.37
Advance from customers	44.38	94.14
Professional charges payable	–	162.88
	3,289.08	12,161.55

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
 (All amounts in Rupees lakhs, unless otherwise stated)

**11 (a) TANGIBLE FIXED ASSETS**  
**AS AT 31ST MARCH, 2012**

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2011	Additions during the year	Disposals	As at 31 March, 2012	As at 1 April, 2011	Depreciation/Amortisation charged for the year	Disposals	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
Leasehold land #	2,581.03	-	-	2,581.03	79.12	29.64	-	108.76	2,472.27	2,501.91
Building - Factory	3,519.49	-	-	3,519.49	230.01	117.87	-	347.88	3,171.61	3,289.48
Building - Non Factory	1,403.32	-	-	1,403.32	44.90	23.49	-	68.39	1,334.93	1,358.42
Building (temporary structure)	14.35	-	-	14.35	14.35	-	-	14.35	-	-
Plant and machinery	58,196.19	-	30.55	58,165.64	6,631.85	3,174.29	0.23	9,805.91	48,359.73	51,564.34
Furniture and fixtures	590.44	-	-	590.44	69.50	37.15	-	106.65	483.79	520.95
Office equipment	64.56	0.70	-	65.26	10.63	3.92	-	14.55	50.71	53.93
Vehicles	240.68	49.76	0.14	290.30	74.36	26.91	0.13	101.14	189.16	166.32
Computers	36.85	0.65	-	37.50	11.77	6.07	-	17.84	19.66	25.08
<b>Total</b>	<b>66,646.91</b>	<b>51.11</b>	<b>30.69</b>	<b>66,667.33</b>	<b>7,166.49</b>	<b>3,419.34</b>	<b>0.36</b>	<b>10,585.47</b>	<b>56,081.86</b>	<b>59,480.42</b>

**AS AT 31ST MARCH, 2011**

Particulars	Gross block					Accumulated depreciation					Net block	
	As at 1 April, 2010	Additions during the year	Disposals	Adjustments	As at 31 March, 2011	As at 1 April, 2010	Depreciation/Amortisation charged for the year	Disposals	Adjustments	As at 31 March, 2011	As at 31 March, 2011	As at 31 March, 2010
Leasehold land #	2,581.03	-	-	-	2,581.03	49.56	29.56	-	-	79.12	2,501.91	2,531.47
Building - Factory **	3,565.23	-	-	45.74	3,519.49	114.03	115.98	-	-	230.01	3,289.48	3,451.20
Building - Non Factory	1,403.32	-	-	-	1,403.32	21.48	23.42	-	-	44.90	1,358.42	1,381.84
Building (temporary structure)	14.35	-	-	-	14.35	14.35	-	-	-	14.35	-	-
Plant and machinery*	58,865.14	202.30	-	871.25	58,196.19	1,693.64	4,938.21	-	-	6,631.85	51,564.34	57,171.50
Furniture and fixtures	585.63	4.81	-	-	590.44	32.44	37.06	-	-	69.50	520.94	553.19
Office equipment	58.14	6.42	-	-	64.56	4.67	5.96	-	-	10.63	53.93	53.47
Vehicles	215.50	44.92	19.74	-	240.68	52.21	24.91	2.76	-	74.36	166.32	163.29
Computers	31.67	5.18	-	-	36.85	6.16	5.61	-	-	11.77	25.08	25.51
<b>Total</b>	<b>67,320.01</b>	<b>263.63</b>	<b>19.74</b>	<b>916.99</b>	<b>66,646.91</b>	<b>1,988.54</b>	<b>5,180.71</b>	<b>2.76</b>	<b>-</b>	<b>7,166.49</b>	<b>59,480.42</b>	<b>65,331.47</b>

# Leasehold land was revalued by an independent valuer as on 31st December, 2008 resulting in an increase in its value by Rs. 2,273.50 which was credited to Revaluation Reserve. Such revaluation reserve was adjusted pursuant to the Scheme of Amalgamation.

\* Adjustments to the cost of Plant and machinery comprise the following :

- During the year ended 31st March, 2011, the Company received a credit note from principal supplier of machinery amounting to Rs. 905.51 (equivalent to EURO 15.00 lakhs) to compensate for the delay in the supply of machinery in accordance with the terms of the contract. The amount of credit note had been adjusted to the cost of plant and machinery as at 31st March, 2011.
- Management had identified some machinery spares amounting to Rs. Nil [Previous year Rs. 34.26 (net of amortisation)] that related to particular items of plant and machinery and whose usage was irregular. Accordingly, such spares were now been capitalised along with such items of plant and machinery and depreciated over its useful life of 5 years.

\*\* Compensation received from delay in completion of building amounting to Rs. Nil (Previous year Rs. 45.74) had been adjusted to the cost of Building- factory.

**11 (b) INTANGIBLE FIXED ASSETS**  
**AS AT 31ST MARCH, 2012**

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2011	Additions during the year	Disposals	As at 31 March, 2012	As at 1 April, 2011	Depreciation/Amortisation charged for the year	Disposals	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
<b>Intangible fixed assets</b>										
Computer Software	12.11	-	-	12.11	3.50	2.42	-	5.92	6.19	8.61
<b>Total</b>	<b>12.11</b>	<b>-</b>	<b>-</b>	<b>12.11</b>	<b>3.50</b>	<b>2.42</b>	<b>-</b>	<b>5.92</b>	<b>6.19</b>	<b>8.61</b>

**AS AT 31ST MARCH, 2011**

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2010	Additions during the year	Disposals	As at 31 March, 2011	As at 1 April, 2010	Depreciation/Amortisation charged for the year	Disposals	As at 31 March, 2011	As at 31 March, 2011	As at 31 March, 2010
<b>Intangible fixed assets</b>										
Computer Software	9.14	2.97	-	12.11	1.35	2.15	-	3.50	8.61	7.79
<b>Total</b>	<b>9.14</b>	<b>2.97</b>	<b>-</b>	<b>12.11</b>	<b>1.35</b>	<b>2.15</b>	<b>-</b>	<b>3.50</b>	<b>8.61</b>	<b>7.79</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
(All amounts in Rupees lakhs, unless otherwise stated)

**11 (c) CAPITAL WORK IN PROGRESS**

Particulars	Leasehold land	Building-factory	Building-Non Factory	Building (temporary structure)	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
<b>Capital work-in-progress</b>										
Balance as at 1st April, 2010	-	989.76	-	-	-	-	-	-	-	989.76
Additions **	-	341.15	-	-	190.55	-	-	-	-	531.70
Assets capitalised during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March, 2011</b>	-	<b>1,330.91</b>	-	-	<b>190.55</b>	-	-	-	-	<b>1,521.46</b>
Balance as at 1st April, 2011	-	1,330.91	-	-	190.55	-	-	-	-	1,521.46
Additions **	-	818.09	-	-	39,716.12	-	-	-	-	40,534.21
Assets capitalised during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March, 2012</b>	-	<b>2,149.00</b>	-	-	<b>39,906.67</b>	-	-	-	-	<b>42,055.67</b>

\*\* Borrowing cost of Rs. 435.17 (Previous year Rs. Nil) and amortised ancillary cost of Rs. 20.51 (Previous year Nil) have been included in additions to capital work-in-progress. Borrowing cost includes exchange differences amounting to Rs.152.77 (Previous year Rs.Nil). Capital work-in-progress also includes Nil (Previous year Rs.190.55) on account of directly attributable expenses.

**12. DEFERRED TAX ASSETS / LIABILITY**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Deferred tax liability</b>		
Impact of depreciation/ amortisation allowed as per the books of accounts and allowed as per the Income tax Act, 1961	<b>5,947.44</b>	5,699.34
<b>Deferred tax assets</b>		
Brought forward losses as per tax laws *	<b>5,947.44</b>	5,699.34
	-	-

\* The Company has significant unabsorbed depreciation/carry forward losses as per the tax laws. In view of absence of virtual certainty of realisation of carried forward tax losses/unabsorbed depreciation in the foreseeable future, deferred tax asset has been recognised only to the extent of deferred tax liability.

**13. LOAN AND ADVANCES (unsecured, considered good)**

Particulars	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Capital advances	<b>746.51</b>	10,387.55	-	-
Security deposits	<b>99.21</b>	99.19	-	178.78
Advances recoverable in cash or in kind				
Excise duty paid under protest	<b>145.26</b>	-	-	-
Balance with statutory/ Government authorities	-	-	<b>746.22</b>	912.76
Advance tax [net of provision Rs. 13.40 (previous year Rs. 13.40)]	<b>77.60</b>	84.96	<b>45.36</b>	-
Prepaid expenses	-	-	<b>37.07</b>	67.70
Advance to vendors/suppliers	-	-	<b>163.43</b>	39.38
Advance to employees	-	-	<b>7.93</b>	5.12
Sub total	<b>222.86</b>	84.96	<b>1,000.01</b>	1,024.96
	<b>1,068.58</b>	10,571.70	<b>1,000.01</b>	1,203.74

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

(All amounts in Rupees lakhs, unless otherwise stated)

**14. OTHER ASSETS**

Particulars	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Non current bank balances (Refer note 18)	2,375.30	2,995.30	–	–
Export incentive receivable	–	–	72.46	–
Unamortised ancillary cost of arranging the borrowings	322.57	267.48	49.57	–
<b>Others</b>	<b>2,697.87</b>	<b>3,262.78</b>	<b>122.03</b>	<b>–</b>
Interest accrued but not due on fixed deposit	220.19	15.21	28.81	17.67
Interest accrued but not due on investments	–	–	–	19.50
	<b>220.19</b>	<b>15.21</b>	<b>28.81</b>	<b>37.17</b>
	<b>2,918.06</b>	<b>3,277.99</b>	<b>150.84</b>	<b>37.17</b>

**15. CURRENT INVESTMENTS \***

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Mutual fund investments - Unquoted</b>		
<b>Investment in equity instruments (unquoted)</b>		
100,000 units (Previous year : Nil) of Union Bank KBC Equity Fund Growth, fully paid up.	9.65	–
Previous year - 10,861,154 units of Reliance Liquidity Fund - Growth Plan, fully paid up.	–	1,600.00
Previous year - 239,695 units of Reliance Money Manager Fund - Institutional, fully paid up.	–	3,200.00
Previous year - 18,000,000 units IDFC Fixed Maturity Monthly - Growth Plan, fully paid up.	–	1,800.00
	<b>9.65</b>	<b>6,600.00</b>
<b>Aggregate book value of unquoted investments</b>	<b>9.65</b>	<b>6,600.00</b>

\* The investments have been made from the unutilised monies raised from initial public offering (refer note 41).

**16. INVENTORIES**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Raw material and components *	1,246.62	3,114.09
Finished goods #	1,634.90	6,527.31
Scrap @	–	104.68
Stores and spares ##	329.08	240.60
	<b>3,210.60</b>	<b>9,986.68</b>

\* includes goods in-transit - (Previous year Rs. 504.66).

# includes goods in-transit Rs. 7.28 (Previous year Rs. 108.44)

## includes goods in-transit - (Previous year Rs. 9.20)

@ includes silver amounting to - (Previous year: Rs. 19.86) recognised as stock relating to earlier years.

**Finished Goods**

After adjusting for write down amounting to Rs. 1,601.31 (Previous year Nil) to its net realisable value.

**Raw Material**

After adjusting for write down amounting to Rs. 428.28 (Previous year Nil) to its net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**  
(All amounts in Rupees lakhs, unless otherwise stated)

**17. TRADE RECEIVABLES (considered good, unless otherwise stated)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, considered good	1,080.54	902.50
Unsecured, considered doubtful	132.05	26.74
	1,212.59	929.24
Less: Provision for doubtful debts	(132.05)	(26.74)
- Others receivables *	1.33	5,405.69
	1,081.87	6,308.19

\* includes debtors amounting to Rs. Nil (previous year Rs. 2,702.72) against which bills have been discounted.

**18. CASH AND BANK BALANCES**

Particulars	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
<b>Cash and cash equivalents</b>				
Balance with banks				
On current account	–	–	437.38	2.58
Cash on hand	–	–	0.07	0.41
Deposits with original maturity of less than three months	–	–	196.38	–
	–	–	633.83	2.99
<b>Other bank balances</b>				
Deposits with bank with maturities more than 12 months #	2,375.30	2,995.30	–	–
Deposits with bank with maturities more than 3 months and less than 12 months *	–	–	413.08	1,190.00
	2,375.30	2,995.30	413.08	1,190.00
Amount disclosed under non current assets (Refer note 14)	(2,375.30)	(2,995.30)	–	–
	–	–	1,046.91	1,192.99

\* Fixed deposits includes Rs. 413.08 (previous year Rs. 1,190.00 ) as margin money against guarantees issued by bank.

# Fixed deposits includes Rs. 2,375.30 (previous year Rs. 2,595.30 ) as margin money against guarantees issued by bank. Rs. 2,375.00 (previous year Rs. 2,375.00) have been funded from monies received from initial public issue. Also, refer note 41.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

(All amounts in Rupees lakhs, unless otherwise stated)

**19. REVENUE FROM OPERATIONS**

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Sale of product</b>		
Sale of products - finished goods (gross)	<b>8,183.69</b>	54,385.15
Less : Excise duty	<b>49.43</b>	44.96
Sale of products (net)	<b>8,134.26</b>	54,340.19
<b>Other operating revenue</b>		
Export incentive *	<b>999.78</b>	–
Diesel duty refund #	–	70.45
Scrap sale	<b>63.45</b>	555.27
Job work income	–	3,229.40
	<b>1,063.23</b>	3,855.12

\* Includes prior period income amounting to Rs. 999.78 (previous year Rs. Nil) recognised on account of duty credit scrip equivalent to 2% of FOB value of exports (including sales made to SEZ units) for the period 27th August, 2009 to 31st March, 2011 .

# Includes prior period income recognised for diesel duty refund claimed on duty paid amounting to Rs. Nil (previous year Rs. 70.45)

Break -up of revenue from sale of products		
Solar cells	8,101.32	54,340.19
Solar module	32.94	–
	<b>8,134.26</b>	54,340.19

**20. OTHER INCOME**

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest income on bank deposits	<b>373.36</b>	248.99
Interest income on current investments	<b>51.46</b>	622.29
Interest income on others	<b>5.64</b>	36.39
Profit on sale of fixed assets (net)	<b>85.21</b>	–
Provision no longer required written back	<b>5.41</b>	–
	<b>521.08</b>	907.67

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

### 21. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Cost of material consumed</b>		
Inventory at the beginning of the year	3,114.09	3,843.09
Add : Purchases #	6,744.14	50,479.37
Less : Inventory at the end of the year *	1,246.62	3,114.09
Cost of raw material consumed	<b>8,611.61</b>	51,208.37

\* Includes silver stock recognised in the books of accounts as scrap stock in inventory amounting to Rs. Nil (previous year Rs. 19.86) relating to earlier years.

# Net of raw material (silver anode) sold amounting to Rs. 189.44 (previous year Nil).

<b>Detail of material consumed</b>		
Silicon multi-crystalline wafers *	6,810.64	43,078.33
Conductor paste	1,074.77	5,349.70
Chemicals	598.31	2,168.73
Screens	81.21	288.71
Gases	46.68	322.90
	<b>8,611.61</b>	51,208.37

#### Detail of inventory

<b>Raw materials and components</b>	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Silicon multi-crystalline wafers	501.69	1,641.04
Conductor paste	448.02	746.44
Chemicals	252.33	636.05
Screens	27.24	48.02
Gases	17.34	42.54
	<b>1,246.62</b>	3,114.09

### 22. CHANGES IN INVENTORY OF FINISHED GOODS

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Inventories at the beginning of year</b>		
- Finished goods	6,527.31	3,760.56
<b>Inventories at the end of year</b>		
- Finished goods	1,634.90	6,527.31
<b>Decrease/ (increase) during the year before adjustment</b>	<b>4,892.41</b>	(2,766.75)
<b>Detail of inventory</b>		
<b>Finished goods</b>		
Solar cells	1,533.22	6,408.39
Solar modules	2.55	4.73
Broken cells	91.85	29.09
Rejected cells	7.28	85.10
	<b>1,634.90</b>	6,527.31



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

(All amounts in Rupees lakhs, unless otherwise stated)

**23. EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Salaries, wages and bonus	931.17	1,013.97
Contribution to provident and other funds	77.50	75.53
Gratuity	8.16	13.30
Staff welfare expenses	30.12	116.14
	<b>1,046.95</b>	<b>1,218.94</b>

**24. OTHER EXPENSES**

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Advertisement and sales promotion	347.65	1,017.69
Fuel and power	702.29	2,063.57
Conversion charges	–	0.11
Gas management charges	36.75	63.00
Equipmental rental charges (refer note 30)	265.52	359.40
Loading and unloading charges	12.32	67.56
Spares consumed	90.11	492.66
Consumable stores	23.87	180.75
Travel and conveyance	148.49	230.85
Legal and professional	326.90	439.53
Rent (refer note 30)	0.83	13.15
Foreign exchange loss (net)	1,279.31	522.82
Loss on sale of fixed assets	–	9.47
Insurance	100.27	153.33
Director's sitting fee	5.20	–
Communication	37.76	38.16
Repair and maintenance :		
- Plant and machinery	64.98	357.59
- Vehicle	37.86	45.94
- Others	27.50	56.78
Rates and taxes	2.76	9.99
Provision for doubtful debts	105.31	26.74
Bad debts written off	494.89	33.53
Debit balance witten off	–	31.05
Claim against performance guarantee #	435.67	–
Commission on purchase *	1,419.74	–
Miscellaneous	91.24	189.36
	<b>6,057.22</b>	<b>6,403.03</b>

\* Includes prior period expense amounting to Rs. 1,163.93 (previous year Nil) towards commission expense incurred relating to the period 1st May, 2010 to 31st March, 2011.

# The Company received a claim from a vendor amounting to Rs 435.67 (previous year Nil) which was accepted by the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

### 25. FINANCE COSTS

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest expense on		
- Term loan	4,436.00	5,695.31
- Working capital	935.23	495.85
- Bill discounting	356.47	161.01
Bank charges	197.39	414.60
	<b>5,925.09</b>	<b>6,766.77</b>

### 26. DEPRECIATION AND AMORTISATION EXPENSE #

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Depreciation on tangible assets	3,419.34	5,180.71
Amortisation on intangible assets	2.42	2.15
	<b>3,421.76</b>	<b>5,182.86</b>

# Compensation received for delay in supply of machinery amounting to Nil [previous year Rs. 905.51 (equivalent to EURO 15.00 lakhs)] had been adjusted to the cost of machinery that has resulted in a decrease in depreciation charge for the year by Nil (Previous year Rs. 67.67).

### 27. EARNING PER EQUITY SHARES (EPS)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Net loss as per Statement of Profit and Loss	(20,236.47)	(5,743.93)
Number of equity shares of Rs.10 each at the beginning of the year	335,144,027	208,400,000
Number of equity shares of Rs.10 each at the end of the year	335,144,027	335,144,027
Weighted average number of equity shares of Rs.10 each at the end of the year for calculation of basic and diluted EPS	335,144,027	275,176,131
Basic and diluted earnings per share (in Rs.) (Per share of Rs 10 each)	<b>(6.04)</b>	<b>(2.09)</b>

28 The Global Photovoltaic sector remains in a structural oversupply in 2012 with an estimated capacity likely to be in the region of 50GW with the operating capacity being lower than that. Correspondingly, the demand would be approximately 35GW. 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 to the National Solar Mission ('NSM') and the State Solar programs. Annual installed capacities/projections are as under:

Annual installed capacities/projections are as under:

Year	2009-10	2010-11	2011-12	2012-13	2013-17	2017-2022
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 (Deutsche Bank and McKinsey) suggest that the annual capacity may be much higher compared to the above projections. The most recently conducted bidding process by NTPC Vidyut Vyapar Nigam Limited ('NVVN') under National Solar Mission (NSM) led to a sharper than expected reduction in the Project Costs Assumptions due to aggressive bidding. As a consequence, this has impacted the

price points for Solar cells and Modules, thus making the economics challenging at this point in time. 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 current 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 have been incorporated in the CDR package which has been 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 31st March, 2012 .

## 29 Commitments

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 2,674.30 (previous year Rs. 26,903.16).
- b) For commitments relating to lease arrangements (refer note 30)
- c) For commitments relating to net positive foreign exchange earnings (refer note 36).

## 30 Lease taken by the Company

The Company has various operating leases under cancellable and non cancellable operating lease arrangements for plant and machinery, office premises, accommodation for employees and other assets which are renewable on a periodic basis. Rent expenses for operating leases included in the Statement of Profit and Loss is Rs. 266.35 (Previous year: Rs. 372.55).

Future minimum lease payments for the non cancellable operating leases are given below:

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Minimum lease payments</b>		
Not later than one year	313.20	313.20
Later than one year and not later than five years	297.40	610.94
Later than five years	-	-
<b>Total</b>	<b>610.60</b>	<b>924.14</b>

**31 CIF value of imports**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Raw material	7,388.79	51,147.50
Capital goods	38,962.90	115.34
Commission on acquisition of capital goods	83.42	–
Components and spare parts	100.95	–
<b>Total</b>	<b>46,536.06</b>	<b>51,262.84</b>

**32 Expenditure in foreign currency (accrual basis)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Commission on purchase	1,419.74	–
Advertisement and sales promotion	118.04	231.93
Legal and professional	25.96	16.60
Travelling expenses	16.20	35.36
<b>Total</b>	<b>1,579.94</b>	<b>283.89</b>

**33 Earning in foreign currency**

Particulars	As at 31st March, 2012	As at 31st March, 2011
FOB value of exports#	7,173.85	53,832.21
<b>Total</b>	<b>7,173.85</b>	<b>53,832.21</b>

# Includes deemed exports to EOU/SEZ units amounting to Rs. 2,055.16 (previous year Rs. 5,693.82 ).

**34 The Company's foreign currency exposure on account of payables not hedged as on 31st March, 2012 and 31st March, 2011 is as follow:**

Particulars	Amount in Foreign Currency in Lakhs	Amount in Rs. Lakhs
EURO	120.66 (37.83)	8,245.95 (2,392.50)
US Dollar	11.30 (46.30)	578.09 (2,067.46)
Yen	35.13 (23.34)	21.93 (12.61)

Previous year figures are given in brackets

**35 The Company's foreign currency exposure on account of receivables not hedged as on 31st March, 2012 and 31st March, 2011 is as follow:**

Particulars	Amount in Foreign Currency in Lakhs	Amount in Rs. Lakhs
US Dollar	17.21 (64.66)	880.64 (2,886.93)
EURO	3.79 (1.11)	258.81 (70.04)

Previous year figures are given in brackets

**36** The Company had imported machinery, raw material and incurred other expenses in foreign currency amounting to Rs. 124,066.77 (previous year Rs. 113,705.52) till 31st March, 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 year end (i.e. after three years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 16,123.90 (previous year Rs. 9,018.29). Management is confident that they would be able to achieve a positive net foreign exchange during the unexpired period. Also, refer note 29.

**37 Related party disclosures**

**List of related parties**

**a) Parties where control exists :**

- i) Key managerial personnel controlling the Company  
Mr. H.R Gupta  
Mr. B.K Gupta

**b) Other related party relationships where transactions have taken place during the year**

- i) Relatives of key managerial personnel controlling the Company  
Mrs. Priya Desh Gupta
- ii) Other key managerial personnel  
Mr. A.K Agarwal

**c) Transactions with related parties**

Transactions during the year	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Rent paid to</b>		
Mrs. Priya Desh Gupta	-	3.78
<b>Managerial Remuneration</b>		
Mr. H.R Gupta	48.00	74.41
Mr. B.K Gupta	48.00	72.10
Mr. A.K Agarwal	38.40	71.16
<b>Unsecured loan received from :</b>		
Mr. H.R Gupta	-	-
Mr. B.K Gupta	418.62	-
<b>Unsecured loan repaid to :</b>		
Mr. H.R Gupta	-	200.00
Mr. B.K Gupta	-	500.00
<b>Pledge of shares</b>		
Mr. H.R Gupta	2,342.35	-
Mr. B.K Gupta	4,365.00	-
<b>Guarantees given on behalf of the Company</b>		
Mr. H.R Gupta	31,935.02	-
Mr. B.K Gupta	31,935.02	-

d) Outstanding balance as at year end

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Sundry creditors</b>		
Mr. H.R Gupta	4.87	7.17
Mr. A.K Agarwal	4.27	–
<b>Unsecured loan</b>		
Mr. H.R Gupta	–	–
Mr. B.K Gupta	418.62	–
<b>Pledge of shares</b>		
Mr. H.R Gupta	8,038.55	5,696.20
Mr. B.K Gupta	5,650.00	1,285.00
<b>Guarantees given</b>		
Mr. H.R Gupta	102,873.02	70,938.00
Mr. B.K Gupta	102,873.02	70,938.00

38 Employees benefit

Disclosure in respect of employee benefits under Accounting Standard 15 “Employee Benefits” prescribed by the Companies (Accounting Standards) Rules, 2006:

a) Defined Contribution Plans: The Company has recognised Rs. 77.50 (Previous year Rs. 75.53) related to employers’ contribution to Provident Fund and Employees State Insurance Scheme in the Statement of Profit and Loss.

b) Post employment benefit plan in the form of gratuity:

The Company has a post employment benefit in the form of gratuity wherein the last drawn salary plus dearness allowance is used to compute gratuity as per the provisions of the Payment of Gratuity Act, 1972. A period of 5 years has been considered as vesting and the maximum benefit that can be availed under the scheme is Rs. 10.00.

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Changes in the present value of defined benefit obligation</b>		
Projected benefit obligation at the beginning of the year	24.25	10.07
Current service cost	14.28	8.74
Interest cost	3.13	1.48
Benefits paid	–	–
Actuarial gain/ (loss)	(5.65)	3.83
Past service cost	–	0.13
<b>Projected benefit obligation at the end of the year</b>	<b>36.01</b>	<b>24.25</b>
<b>Changes in the fair value of the plan assets</b>		
Fair value of the plan assets in the beginning of the year	21.21	12.92
Expected return on plan assets	1.88	1.53
Contributions	26.74	7.52
Actuarial gain/ (loss)	2.02	(0.76)
<b>Fair value of the plan assets in the end of the year</b>	<b>51.85</b>	<b>21.21</b>
<b>Amount recognised in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	36.01	24.25
Fair value of the plan assets in the end of the year	(51.85)	(21.21)
Funded status of the plans liabilities	–	–
Present value of unfunded obligation	–	–
Unrecognised past service cost	(0.08)	(0.11)
Amount not recognised as an Asset (limit in para 59 (b))	0.27	–
<b>Liability/ (asset) recognised in the Balance Sheet</b>	<b>(15.64)</b>	<b>2.93</b>

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Gratuity expenses recognised in Profit and Loss account</b>		
Current service cost	14.28	8.74
Interest cost	3.13	1.48
Expected return on plan assets	(1.88)	(1.53)
Net actuarial (gain) recognised in the year	(7.67)	4.59
Loss on "acquisition/divestiture"	–	–
Past service cost	0.03	0.02
Effect of limit in para 59 (b)	0.27	–
<b>Net gratuity cost</b>	<b>8.16</b>	<b>13.30</b>

c) Experience adjustment

Particulars	Period ended			
	31st March, 2009	31st March, 2010	31st March, 2011	31st March, 2012
Defined benefit obligation	4.06	10.07	24.25	<b>36.01</b>
Plan assets	–	12.92	21.21	<b>51.85</b>
Surplus/(Deficit)	(4.06)	2.85	(3.05)	<b>15.84</b>
Experience adjustment on plan liabilities	–	(0.79)	4.65	<b>(0.34)</b>
Experience adjustment on plan assets	–	0.90	(0.76)	<b>2.02</b>

d) The principal actuarial assumptions used for post employment benefit plan in the form of gratuity, as at the balance sheet date is as under:

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Economic assumptions</b>		
Discount rate	8.65%	8.15%
Long term rate of compensation increase	2% for first two years and 6% thereafter	6.00%
<b>Demographic assumptions</b>		
Retirement age	60 years	60 years
Mortality table	LIC (1994-96) mortality tables	LIC (1994-96) mortality tables
Withdrawal Rates		
<b>Ages (years)</b>		
21-30	5.00%	5.00%
31-40	3.00%	3.00%
41-59	2.00%	2.00%

### 39 Segment Information

(a) Information about primary business segment

In the opinion of the management, there is only one reportable segment i.e. manufacturing of solar cells, as envisaged by Accounting Standard 17 "Segment Reporting", prescribed by the Companies (Accounting Standards) Rules, 2006.

(b) Information on secondary/ geographical segment

The Company sells its products to various customers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as different geographical segments.

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Segment revenue</b>		
Domestic	2,957.29	1,051.04
Overseas	5,176.97	53,289.15
<b>Total</b>	<b>8,134.26</b>	<b>54,340.19</b>
	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>
<b>Segment assets *</b>		
Domestic	106,878.22	87,097.29
Overseas	1,752.02	13,091.66
<b>Total</b>	<b>108,630.24</b>	<b>100,188.95</b>
<b>Addition to fixed assets</b>		
Domestic	40,585.31	309.34
<b>Total</b>	<b>40,585.31</b>	<b>309.34</b>

\* Segment assets outside India includes trade receivables and advances given for purchase of capital assets.

- 40 During the previous year ended 31st March 2011, the Company incurred significant losses on account of delay in stabilization of one of its lines that had become operational in March, 2010. As a consequence, the Company claimed compensation for operational losses incurred during the period April, 2010 to September, 2010 from its vendor. In lieu of such claim, the Company received cash compensation amounting to Euro 50.00 lakhs (equivalent to Rs. 3,167.65) from its supplier of machinery. Such claim had been disclosed as an exceptional item in the Statement of Profit and Loss.
- 41 Shareholders had passed ordinary resolution through postal ballot on 31st January, 2011 to empower and authorise the Board of Directors to vary terms and contracts mentioned in the prospectus dated 18th September, 2010, vary/ amend/ alter the utilisation of net proceeds inter se one or other of the purposes for their utilisation, described in the said prospectus on even date and utilise any part of the net proceeds for a purpose or purposes other than those described in the said prospectus. The funds raised and utilised by the Company are as under:

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>IPO Proceeds received</b>	-	35,700.00
<b>Utilisation of funds:</b>		
Advance given to supplier of assets	15,580.55	12,317.76
Repayment of Working capital loan	14,376.56	11,049.00
Share issue expenses	3,358.24	3,358.24
Investment in Fixed deposit with banks	2,375.00	2,375.00
Investment in mutual funds #	9.65	6,600.00
<b>Total</b>	<b>35,700.00</b>	<b>35,700.00</b>

# Balance monies unutilised from the issue of shares has been temporarily parked in investments in debt mutual funds.

- 42 **Value of imported and indigenous raw materials, stores and spares consumed during the year and percentage of each to total consumption.**

(i) **Raw material**

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Amount	%	Amount	%
Imported	8,404.87	97.60%	49,406.11	96.48%
Indigenous	206.74	2.40%	1,802.26	3.52%
<b>Total</b>	<b>8,611.61</b>	<b>100.00%</b>	<b>51,208.37</b>	<b>100.00%</b>



**(ii) Stores and spares consumed**

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Amount	%	Amount	%
Imported	75.56	83.86%	445.13	90.35%
Indigenous	14.55	16.14%	47.54	9.65%
<b>Total</b>	<b>90.11</b>	<b>100.00%</b>	492.67	100.00%

**43** During the year, the Company received a loan amounting to Rs. 531.38 from a foreign company to satisfy one of the stipulation of CDR package [also refer to note 6(ii)]. 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 22nd May, 2012 for condonation of non compliance with such regulatory requirements

As per our report attached

**For B S R and Associates**  
Chartered Accountants  
Firm Registration No.128901W

**VIKRAM ADVANI**  
Partner  
Membership No.091765

Place : Gurgaon  
Date : 30.05.2012

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

**H.R. GUPTA**  
Managing Director

**A.K. AGARWAL**  
Whole Time Director

**A.K. MITTAL**  
Company Secretary

Place : New Delhi  
Date : 30.05.2012

# INDOSOLAR LIMITED

Registered Office: C-12, Friends Colony (East), New Delhi – 110 065

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member(s) of the above named Company, hereby appoint the following as my/our proxy to attend and vote on a poll for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held on Saturday, the 29th day of September, 2012 and at any adjournment thereof:

Signature : \_\_\_\_\_

1. Mr./Ms. \_\_\_\_\_ or failing him/her \_\_\_\_\_
2. Mr./Ms. \_\_\_\_\_ or failing him/her \_\_\_\_\_
3. Mr./Ms. \_\_\_\_\_ or failing him/her \_\_\_\_\_

\* I/We direct my/our proxy to vote on the resolutions in the manner as indicated below:

Resolutions	For	Against	Resolutions	For	Against
Resolution No. 1			Resolution No. 6		
Resolution No. 2			Resolution No. 7		
Resolution No. 3			Resolution No. 8		
Resolution No. 4			Resolution No. 9		
Resolution No. 5			Resolution No. 10		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Folio No.: \_\_\_\_\_ No. of Shares Held : \_\_\_\_\_

DP ID: \_\_\_\_\_ Client ID: \_\_\_\_\_

Signature(s) of Member(s) (1) \_\_\_\_\_ (2) \_\_\_\_\_ (3) \_\_\_\_\_

\*Refer note no. 6

Affix  
Revenue  
Stamp of  
Re. 1

### Notes:

1. **The proxy, to be effective, should be deposited at the Registered Office of the Company not later than FORTY EIGHT HOURS before the commencement of this Meeting.**
2. A proxy need not be a member of the Company.
3. In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
6. \*This is optional. Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. If a member leaves the 'For' or 'Against' column blank against any or all the resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write 'Abstain' across the boxes against the resolution.
7. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns 'For' or 'Against' as appropriate.

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# INDOSOLAR LIMITED

Registered Office: C-12, Friends Colony (East), New Delhi – 110 065

## ATTENDANCE SLIP

I hereby record my presence at the 7th Annual General Meeting of the Company at Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi - 110 036 on Saturday, the 29th day of September, 2012 at 10.00 a.m.

Full Name of the Member (in block letters) : \_\_\_\_\_

Signature : \_\_\_\_\_

Folio No. : \_\_\_\_\_

No. of Shares Held : \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

Full Name of the Proxy (in block letters) : \_\_\_\_\_  
(to be filled if the proxy attends instead of the member)

Signature : \_\_\_\_\_

**Note:** Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.





**Corporate Office cum Factory**

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Website : [www.indosolar.co.in](http://www.indosolar.co.in)