INDOSOLAR LIMITED
Regd. Office: C-12, Friends Colony (East), New Delhi-110065

STATEMENT OF STANDALONE AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2012

(Rs. in Lakhs)

Sl. No	Particulars	Quarter ended			Year ended	
		Audited*	Unaudited	Audited*	Audited	Audited
		31 March 2012	31 December 2011	31 March 2011	31 March 2012	31 March 2011
	Part I					
1	**Income from operations**					
a	Net sales/income from operations (net of excise duty)	76.73	859.07	8,201.59	8,134.26	54,340.19
b	Other operating income	1.49	977.93	104.45	1,063.23	3,855.12
	Total income from operations (net)	**78.22**	**1,837.00**	**8,306.04**	**9,197.49**	**58,195.31**
2	**Expenses:**					
a	Cost of materials consumed	30.45	348.53	9,354.81	8,611.61	51,208.37
b	Changes in inventories of finished goods and work-in-progress	158.74	1,500.69	(3,021.70)	4,892.41	(2,766.75)
c	Employee benefits expense	239.35	227.00	329.34	1,046.95	1,218.94
d	Depreciation and amortisation expense	944.73	705.05	1,086.30	3,421.76	5,182.86
e	Other expenses	1,775.18	1,338.94	1,760.29	6,057.21	6,403.03
	Total expenses	**3,148.45**	**4,120.21**	**9,509.04**	**24,029.94**	**61,246.45**
3	**Loss from operations before other income, finance cost and exceptional items (1-2)**	**(3,070.23)**	**(2,283.21)**	**(1,203.00)**	**(14,832.45)**	**(3,051.14)**
4	Other income	1,983.67	89.48	318.82	521.08	907.67
5	**Loss from ordinary activities before finance costs and exceptional items (3+4)**	**(1,086.56)**	**(2,193.73)**	**(884.18)**	**(14,311.37)**	**(2,143.47)**
6	Finance costs	1,208.50	2,000.06	1,738.70	5,925.09	6,766.77
7	**Loss from ordinary activities after finance cost but before exceptional items (5-6)**	**(2,295.07)**	**(4,193.79)**	**(2,622.88)**	**(20,236.46)**	**(8,910.24)**
8	Exceptional items	921.14	-	3,167.65	-	3,167.65
9	**Profit/(loss) from ordinary activities before tax (7-8)**	**(1,373.93)**	**(4,193.79)**	**544.77**	**(20,236.46)**	**(5,742.59)**
10	Tax expenses	-	-	1.34	-	1.34
11	**Net Profit/(loss) from ordinary activities after tax(9-10)**	**(1,373.93)**	**(4,193.79)**	**543.43**	**(20,236.46)**	**(5,743.93)**
12	Extraordinary items (net of tax expenses)	-	-	-	-	-
13	**Net Profit / (loss) after taxes (11+12)**	**(1,373.93)**	**(4,193.79)**	**543.43**	**(20,236.46)**	**(5,743.93)**
14	Paid up equity share capital (Face value-Rs.10/-each)	33,514.40	33,514.40	33,514.40	33,514.40	33,514.40
15	Reserves (excluding revaluation reserve, if any)	-	-	7,719.05	(12,517.42)	7,719.05
16	Earning per share (in Rs.) **(not annualised)**					
	Basic	(0.41)	(1.25)	0.16	(6.04)	(2.09)
	Diluted	(0.41)	(1.25)	0.16	(6.04)	(2.09)
	Part II					
A	**Particulars of Shareholding**					
1	Public shareholding					
	- Number of shares	128,144,030	128,144,030	128,144,030	128,144,030	128,144,030
	- percentage of shareholding	38.24%	38.24%	38.24%	38.24%	38.24%
2	Promoters and promoter group shareholding					
	a) Pledged/ encumbered					
	- Number of shares	136,885,495	136,885,495	69,812,000	136,885,495	69,812,000
	- percentage of shares (as a % of the total shareholding of promoter and promoter group)	66.13%	66.13%	33.73%	66.13%	33.73%
	- percentage of shares (as a % of the total share capital of the company)	40.84%	40.84%	20.83%	40.84%	20.83%
	b) Non encumbered					
	- Number of shares	70,114,502	70,114,502	137,187,997	70,114,502	137,187,997
	- percentage of shares (as a % of the total shareholding of promoter and promoter group)	33.87%	33.87%	66.27%	33.87%	66.27%
	- percentage of shares (as a % of the total share capital of the company)	20.92%	20.92%	40.93%	20.92%	40.93%

	Particulars	Quarter ended 31.03.12
B	**Investor Complaints**	
	Pending at the beginning of the quarter	-
	Received during the quarter	2
	Disposed of during the quarter	2
	Remaining unresolved at the end of the quarter	-

* Figures for the three months ended 31 March 2012 and 31 March 2011 respectively, are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the financial year. Also, the figures upto the end of the third quarter were only reviewed and not subject to audit.

For and on bahalf of the Board of Directors of
Indosolar Limited
Sd/-
Managing Director

Date : 30-May-2012
Place New Delhi

Notes:

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

	Particulars	Audited	
		As at 31 March 2012	As at 31 March 2011
A	**Equity and Liabilities**		
1	**Shareholders' funds**		
	(a) Share capital	33,514.40	33,514.40
	(b) Reserves and surplus	(12,517.42)	7,719.05
	Sub-total - Shareholders' funds	**20,996.98**	**41,233.45**
2	**Non-current liabilities**		
	(a) Long-term borrowings	73,314.84	27,589.45
	(b) Other long-term liabilities	5,535.56	-
	(c) Long-term provisions	25.26	48.17
	Sub-total - Non-current liabilities	**78,875.66**	**27,637.62**
3	**Current liabilities**		
	(a) Short-term borrowings	2,956.97	15,655.09
	(b) Trade payables	2,500.58	3,499.90
	(c) Other current liabilities	3,289.08	12,161.55
	(d) Short-term provisions	10.97	1.34
	Sub-total - Current liabilities	**8,757.60**	**31,317.88**
	Total - Equity and Liabilities	**108,630.24**	**100,188.95**
B	**Assets**		
1	**Non-current assets**		
	(a) Fixed assets	98,143.72	61,010.49
	(b) Long-term loans and advances	1,068.58	10,571.70
	(c) Other non-current assets	2,918.06	3,277.99
	Sub-total - Non-current assets	**102,130.37**	**74,860.18**
2	**Current assets**		
	(a) Current investments	9.65	6,600.00
	(b) Inventories	3,210.60	9,986.68
	(c) Trade receivables	1,081.87	6,308.19
	(d) Cash and cash equivalents	1,046.91	1,192.99
	(e) Short-term loans and advances	1,000.01	1,203.74
	(f) Other current assets	150.84	37.17
	Sub-total - Current assets	**6,499.88**	**25,328.77**
	Total - Assets	**108,630.24**	**100,188.95**

Notes to the audited results for the quarter and year ended 31 March 2012

1 The Company has incurred significant losses in the current quarter and the year ended 31 March 2012. The accumulated losses have resulted in substantial erosion of its net worth. The Solar industry and the Company have undergone turmoil owing to significant downturn in the global market. As a consequence, the Company has been unable to utilise its capacity as the cost of production of solar cells 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 3 below.

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 2 below.

2 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 the National State Mission ('NSM') and the State Solar programs.

Annual installed capacities/projections are as under:

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

(Source: MNRE Website & Wikipedia)

The market size estimates in some of the expert reports (Deustche Bank and McKinsey) suggest that the annual capacity may be much higher compared to the above projections. 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 at Balance Sheet date . Consequently impairment charge amounting to Rs. 1,902.34 lakhs recoreded in the quarter ended 30 September 2011 has been reversed in the quarter ended 31 March 2012. The effect of such reversal has been included in other income in the quarter ended 31 March 2012.

3 As more fully explained in Note 1 and 2 above, the Company witnessed a significant downturn due to weak demand both globally as well as in the domestic market and incurred significant cash and operating losses during the year. The Company requested the Lenders for debt restructuring. The request was referred to the Corporate Debt Restructuring Forum, (hereinafter referred to as the "CDR CELL"). Pursuant thereto, the CDR Empowered Group approved a restructuring package in terms of which the Existing Financial Assistance was restructured and certain additional financial assistance was sanctioned per Letter of Approval dated 7 March 2012. The Company has accordingly given effect to the CDR scheme in the financial statements. However one of the banks of the consortium group i.e. Indian Bank is yet to agree to the CDR package and sign the Master Restructuring Agreement.

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

In accordance with the CDR scheme the consortium of lenders have waived the obligation of the Company to pay any liquidated damages, default or penal interest / interest / further interest charged by the Lenders in excess of the concensional rates approved under CDR package . Accordingly, the interest charged earlier in excess of the concesional rate for the period from 1 July 2011 till 31 December 2011 amounting to Rs. 921.14 lakhs (including Rs. 154.63 lakhs from Indian Bank whose balances are pending finalisation of the Master Restructuring Agreement) has been credited/ received from the Lenders. The effect of such benefit has been included in exceptional item.

4 As explained in note 3 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 lakhs and devolved Letter of Credit amounting to Rs. 511.57 lakhs have been reclassified as Long Term Borrowing (Rs. 1,202.43 lakhs) and Short Term Borrowings (Rs. 433.06 lakhs) as at 31 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 1 July 2011 till 31 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.

5 Prior period adjustments:

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

b. Other expenses for the quarter ended 31 March 2012 includes Rs. 1,419.73 lakhs towards commission expense incurred relating to the period 1st May 2010 to 31 December 2011. In the annual financial statements such prior period expense for the period 1st May 2010 till 31 March 2011 amounts to Rs 1,163.93 lakhs.

6 The Company has been sanctioned Rs. 2,280 million 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 during Feb 2014. Schmid discounted the said Letter of Credit with their bankers and UBI in consultation with the Company and Schmid, has entered into a deferred payment credit facility with the counterparty bank wherein, a sum of Rs. 2,214.42 million representing payment towards imported capital goods . UBI is paying the interest in respect of such financing to the counterparty bank, which is ultimately 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 in the financial results.

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

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

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

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

11 During the year ended 31 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 had received cash compensation amounting to Euros 5,000,000 (equivalent to Rs.316.764,500) from its supplier of machinery. Such claim had been disclosed as an exceptional item in the Profit and Loss Account for the year ended 31 March 2011.

12 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30 May 2012.

For and on bahalf of the Board of Directors of
Indosolar Limited
Sd/-
Managing Director

Date : 30-May-2012
Place : New Delhi