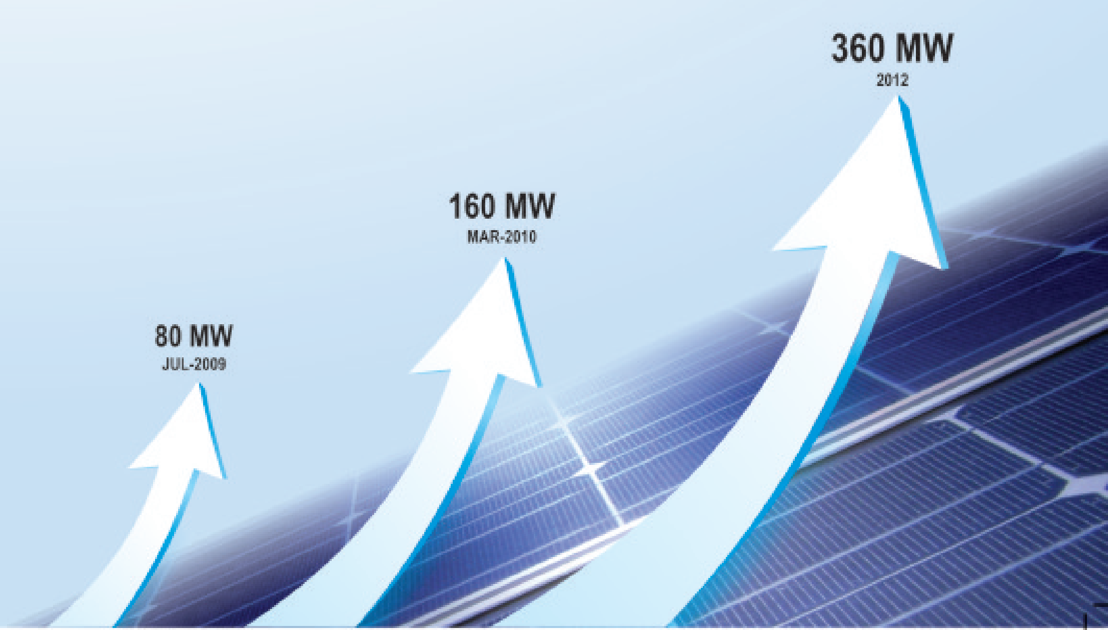
6th ANNUAL REPORT 2010 - 2011

INDOSOLAR™ LIMITED



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. Aditya Jain	Non-Executive Independent Director
Mr. Ravinder Khanna	Non-Executive Independent Director
Mr. Gautam Singh Kuthari	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

INTERNAL AUDITORS

Ernst & Young Pvt. Ltd.
Golf View Corporate Tower-B,
Sector-42, Sector Road,
Gurgaon-122002

BANKERS

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF INDOSOLAR LIMITED WILL BE HELD ON TUESDAY, THE 30TH DAY OF AUGUST, 2011 AT 9.00 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, 2011 and the Profit and Loss Account for the year ended on 31st March, 2011 together with schedules, Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hulas Rahul Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anand Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

By Order of the Board of Directors
For INDOSOLAR LIMITED

Place : New Delhi
Date : 09.05.2011

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 register of members and share transfer books of the Company will remain closed from Tuesday, 16th August, 2011 till Tuesday, 30th August, 2011 (both days inclusive).
4. 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.
5. 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.
6. 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.
7. 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 major, 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, in case the members wish to avail the aforesaid facility.

8. 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. Hulas Rahul Gupta, aged about 52 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 21 years of experience. He was instrumental in the phenomenal growth of his previous venture Phoenix Lamps Limited now known as 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 holding 8,03,85,494 equity shares in the Company as on 31st March, 2011. He is not a Director in any other Company.

Mr. Anand Kumar Agarwal, aged about 62 years is an Indian national. He holds a bachelor's degree in commerce from Shri Ram College of Commerce, New Delhi. He has long and varied business experience of over 35 years in the field of sales, finance, taxation, legal, business administration and planning. Prior to joining us, he was a director in Halonix Limited from 26th March, 1991 to 28th January, 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 holding 1,42,292 equity shares in the Company as on 31st March, 2011. He is not a Director in any other Company.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixth Annual Report on business and operations of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

(Rs. in Crores)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Total Income	**591.03**	131.48
Profit before interest, depreciation and tax	**57.92**	(22.14)
Interest	**63.52**	25.43
Cash Profit	**(5.60)**	(47.57)
Depreciation	**51.83**	18.74
Profit/(Loss) before tax	**(57.43)**	(66.31)
Profit/(Loss) after tax	**(57.44)**	(66.38)
Profit/(Loss) brought forward	**(80.25)**	(13.87)
Profit/(Loss) to be carried forward to Balance Sheet	**(137.69)**	(80.25)

2. PERFORMANCE REVIEW

During the year under review, your Company reported total income of Rs. 591.03 Crores as against Rs. 131.48 Crores last year. After making for provision of Rs. 63.52 Crores towards interest and Rs. 51.83 Crores towards depreciation, the current financial year closed with a loss of Rs. 57.44 Crores as against loss of Rs. 66.38 Crores last year.

The Company is operating two SPV cell manufacturing lines of 80 MW each. First line commenced commercial production in July, 2009 and second line commenced commercial production in March, 2010. First line continued its operations smoothly, however, operations of second line stabilized only during October, 2010. This resulted in higher raw material consumption, excessive wastage, lower product efficiency and high operating cost. In view of delay in stabilization of operations of second line, the equipment supplier has given a cash support of Euro 5.00 million towards operational losses and Euro 1.50 million for delay in supply of machinery.

3. DIVIDEND

Due to non availability of profit, your Directors do not recommend any dividend for the year ended 31st March, 2011.

4. INITIAL PUBLIC OFFERING OF THE EQUITY SHARES OF THE COMPANY (IPO) AND LISTING OF EQUITY SHARES

Your Company came out with an IPO of Rs. 357 Crores during September, 2010 to (i) finance the expansion of manufacturing capacity of SPV cells by adding a new line of 100 MW thereby making total SPV cell manufacturing capacity to 260 MW and (ii) for General Corporate Purposes. The Board made allotment of 12,31,03,448 Equity Shares under IPO at a price of Rs. 29/- per Equity Share (including a Share Premium of Rs. 19/- per Equity Share). The Board had also made pre-IPO placement of 36,40,579 Equity Shares at a price of Rs. 40/- per Equity Share (including a Share Premium of Rs. 30/- per Equity Share). Consequently, the paid-up equity share capital of the Company has increased to Rs. 335,14,40,270/- (Rupees Three Hundred Thirty Five Crores Fourteen Lacs Forty Thousand Two Hundred Seventy only) divided into 33,51,44,027 (Thirty Three Crores Fifty One Lac Forty Four Thousand Twenty Seven) Equity Shares of Rs. 10/- (Rupees Ten) each. Your Company has got the listing and trading approvals for 33,51,44,027 Equity Shares with effect from 29th September, 2010 both from National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

5. PROJECT EXPANSION

The 100 MW SPV cell manufacturing line was available at a price of Euro 36.50 million from our technology partner M/s Schmid Technology Systems, GmbH, Germany ("Schmid"). However, in the course of negotiation of prices with

Schmid, they offered their newly developed SPV cell manufacturing line of 200 MW at a price of Euro 54 million. Total cost for setting-up new Line of 200 MW has been estimated at Rs. 550 Crores and the Board decided to set-up SPV cell manufacturing line of 200 MW due to the following reasons:

(i) Cost of equipment per MW would be significantly lower in case of 200 MW SPV cell manufacturing line as against 100 MW SPV cell manufacturing line;

(ii) As per the Special Incentive Package scheme announced by the Ministry of Communications and Information Technology, Government of India, the Company would be entitled to receive 25% capital subsidy on total project cost in cash once the investment in the project exceeds Rs. 1,000 Crores threshold limit. By setting-up a line of 200 MW, we would comfortably cross the threshold limit of Rs. 1,000 Crores prescribed by the Ministry and become eligible for 25% capital subsidy. There would also be substantial improvement of liquidity in the Company consequent to receipt of the capital subsidy money;

(iii) Considering the exponential growth in the PV industry, it is prudent to establish higher capacity to take the early mover advantage; and

(iv) Addition of 200 MW line will result in optimum utilization of infrastructure available with the Company and also bring advantages of economies of scale.

Expansion of SPV cell manufacturing capacity by 200 MW instead of 100 MW has also been approved by the shareholders by way of postal ballot process on 31st January, 2011. The details of the postal ballot have been given in the Corporate Governance Report.

The management decided to finance the expansion of 200 MW line to the extent of Rs. 200 Crores from IPO proceeds and balance by way of Term Loans from banks / ECB / Deferred import LC / Deferred Credit / ECA backed funding or by way of any combination of above or by any other means of finance as may be sanctioned by banks / financial institutions and balance IPO proceeds to be utilized for meeting the working capital and other day-to-day funds requirements of the Company, making advance payments for securing long term wafer supply as well as for General Corporate Purposes.

Your Company submitted proposal with Union Bank of India, being the lead consortium Bank, for sanction and tie-up of financial assistance upto Rs. 400 Crores. Union Bank of India has appraised / approved the project and also established LC of Rs. 228 Crores for import of 200 MW line. The Company had already made capital expenditure of Rs. 123.18 Crores for the said expansion as equity contribution for the project upto 31st March, 2011.

6. PAYMENT OF ANNUAL LISTING FEES

Annual listing fee for financial year 2011-2012 has been paid to NSE and BSE.

7. DIRECTORS

Mr. Hulas Rahul Gupta, Managing Director and Mr. Anand Kumar Agarwal, Whole Time Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Board recommends the same for your approval.

Your Company made application with Central Government for its approval of appointment and payment of remuneration to Mr. Bhushan Kumar Gupta, Chairman, Mr. Hulas Rahul Gupta, Managing Director and Mr. Anand Kumar Agarwal, Whole Time Director. The Central Government has approved appointment of above managerial personnel for a period of three years with effect from 26th September, 2009 to 25th September, 2012 at remuneration within the limits prescribed under Schedule XIII to the Companies Act, 1956. The remuneration is being paid within the permissible limits.

8. AUDITORS

The 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, under section 224(1-B) of the Companies Act, 1956, at the forthcoming Annual General Meeting.

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

9. AUDITORS' REPORT

We submit as under:

(i) As regards spares, we have developed proper accounting software and the same has also been duly implemented within the year and there was no discrepancy pending at the year end.

(ii) There were a few delays in payment of statutory dues, however, the same were deposited with interest and rectified.

(iii) As regards cash losses, the same were due to the fact that the second line could not be stabilized for first six months and this caused excessive operational losses due to excess wastage of material and non-achievement of required cell efficiency.

(iv) As regards delay in repayment of principal and interest thereon, the same were due to the fact that the second line could not be stabilized for first six months of the financial year.

10. DEPOSITS

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

11. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, your Company has adopted the Code of Conduct for Prevention of Insider Trading. The Code of Conduct has been hosted on the website of the Company, i.e. www.indosolar.co.in.

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 ALONG WITH 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 Management Discussion and Analysis has been provided in Annexure - III. Further, the report on Corporate Governance along with General Shareholder Information has been provided in Annexure – IV to this report. The Company is in compliance with the requirements and disclosures that have to be made in this regard. 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 2011, 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, 2011 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, 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 : New Delhi	**H.R. GUPTA**	**A.K. AGARWAL**
Date : 09.05.2011	(Managing Director)	(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 2011:

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								
	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								
1.	Mr. S. Venkataramani	Chief Executive Officer	37,50,000	Graduate in Mechanical Engineering	40	27.12.2010	63	Philips Electronics India Limited	NIL

NOTES:

1. Remuneration includes Basic Salary, House Rent Allowance, Provident Fund and Taxable value of Perquisites.
2. The nature of employment and terms and conditions are as per the appointment letter issued at the time of appointment.
3. 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 have also started installation of chiller (VAM) from waste heat recovery of gas generators, which will reduce our present power requirement.

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	• Optimization of texturing process • Firing process optimization • Process development employing high conductivity silver pastes • Back Side policing • Improvement in Back Side Field (BSF)
2. Benefits derived as a result of the above R & D	• Increase in cell efficiency by 0.3% absolute • Reduction in cost of conversion
3. Future plan of action	• The Company will take R & D activities in the organization to improve quality and reduce cost by increasing the solar cell efficiency and reducing wastage. • The Company also plans to introduce new selective emitter technology.
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	In PV field, innovative metallization pastes have been introduced. The Company has absorbed these new innovations in its production concurrently.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	• Product improvement • Cost reduction
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: (a) Technology imported (b) Year of import (c) Has technology been fully absorbed (d) If not absorbed, areas where this has not taken place, reasons therefore and future plan of action	(a) Technology to manufacture solar photovoltaics multicrystalline silicon cells (b) 2009 (c) Yes (d) Not Applicable

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 Undertaking.

FOREIGN EXCHANGE EARNING AND OUTGO **(Rs. in Crores)**

Particulars	**For Year 2010-11**	**For year 2009-10**
Foreign Exchange Earning	**565.51**	91.53
Foreign Exchange Outgo	**516.31**	266.25

ANNEXURE–III

MANAGEMENT'S DISCUSSION AND ANALYSIS

The objective of this report is to share with you and keep you abreast with the happenings and transformations occurring within the Company, its manufacturing processes, technology and its overall business strategies and further the happenings and transformations occurring in the industry. We begin with overview.

Overview

We manufacture poly-crystalline solar photo-voltaic ("SPV") cells from silicon wafers utilizing crystalline silicon SPV cell technology for converting sunlight directly into electricity through a process known as the "photo-voltaic effect". We market and sell our products to primarily module manufacturers on a business-to-business ("B2B") platform, who in turn supply to the system integrators who install the systems for grid and off-grid (roof top) applications for use in the domestic market as well as markets in Europe, Spain, Japan, Asia, Canada and USA.

Our ability to procure poly-silicon wafers at low cost and expand our customer base is critical to our business. Economies of scale, ability to enhance operational and SPV cell efficiency and pricing strategy are the other fundamental enablers in our business.

We commenced work for setting up of our SPV cell manufacturing facility in Greater Noida in January 2008. We have established two SPV cell manufacturing lines having an aggregate annual manufacturing capacity of 160 MW. We commenced commercial production of SPV cells in July 2009 with one manufacturing line having an annual manufacturing capacity of 80 MW. The second manufacturing line having an equal capacity commenced commercial production in March 2010. In order to prepare for an increase in demand for SPV products in the future and to enhance scale to a competitive level, we plan to increase our annual manufacturing capacity to approximately 360 MW with one additional manufacturing line of annual manufacturing capacity of 200 MW. The capacity expansion will also enable us to manufacture "Mono Crystalline SPV Cells".

We use fully automated horizontal in-line, state-of-the-art technology for manufacture of SPV cells which offers average efficiency levels of up to 16.30%. We have entered into arrangements with Schmid Technology Systems GmbH ("Schmid"), one of the operators in SPV cell manufacturing technology and a vertically integrated player in the SPV cell industry, for delivery, installation and commissioning of the plant and machinery at our facility, on a turnkey basis. As part of our manufacturing capacity expansion plans, we propose to install 'selective emitter' technology in one of our SPV manufacturing lines to be commissioned by our turnkey provider, Schmid. 'Selective emitter' technology will give capability to produce improved SPV cells of higher average efficiency up to 17.20%. Our research and development team comprising three solar photo-voltaic and semi conductor researchers and scientists focuses on continually enhancing our SPV cell Conversion Efficiencies and improving our manufacturing operations.

Our management believes that it is preferable to follow a flexible mix of long term and spot market for procurement of silicon wafers. Other raw materials such as chemicals, silver and aluminium pastes are also procured from various suppliers at the prevailing market prices.

Our Company is one of the few companies selected by the Government of India for grant of financial incentives under the "Special Incentive Package Scheme" of 2007 notified by the Government of India. We have been granted an in-principle approval on 1st June, 2009 by Ministry of Communication and Information Technology, Government of India and have applied for formal approval on 31st March, 2010.

Expansion of Manufacturing Capacity and Capacity Utilisation

Capacity and capacity utilization are key factors in growing our net revenue and profit. In order to accommodate the growing demand for our products, we plan to expand our manufacturing capacity. Increase in capacity has a significant effect on our financial results, both by allowing us to produce and sell more SPV cells and achieve higher revenue and by lowering our manufacturing costs as a result of economies of scale.

We have been attempting to maximize the utilization of our available manufacturing capacity as it comes on-line, so as to allow us to spread our fixed costs over a higher production volume, thereby reducing our per unit and per MW fixed costs. We intend to expand our existing manufacturing capacities to increase our productivity and output and to meet the growing demand for SPV cells. As part of our plans to expand our manufacturing capacity, we have decided to increase our annual manufacturing capacity to approximately 360 MW from the existing 160 MW.

Future Outlook

Our business and revenue growth depends on SPV industry demand. There has been a significant growth of the SPV cell market in the past. We believe that the near-term growth of the market for SPV products depends largely on the availability and size of government subsidies and economic incentives. We believe that countries such as Germany, Italy, Japan and USA have in the past, and continue to exhibit strong demand for products similar to those manufactured by us, as customers in such jurisdictions are strongly motivated by environmental concerns. India and China are the latest addition to the list of such countries.

We believe that Governments in such countries will continue to support through incentives such as "feed-in tariffs", "green certificates", capital cost rebates, tax credits, net metering and other incentives to end-users, distributors, system integrators and manufacturers of solar power products, including SPV products, in furtherance of their efforts to achieve 'grid parity' and in order to promote the use of solar energy in on-grid applications and to reduce dependence on other forms of energy. There are certain criteria in relation to promotion of domestic content in the implementation of the Jawaharlal Nehru National Solar Mission (JNNSM) program which mandate that in a phased manner, all deployment in grid connected solar power be done only through SPV cells and modules manufactured in India. Such initiatives have the potential to create demand for SPV cells manufactured by us.

Our Business Strategy

(a) Expand existing production capacities to achieve economies of scale;
(b) Improve our product portfolio with "Mono Cells";
(c) Focus on opportunity in the domestic market;
(d) Explore activity expansion in the downstream areas;
(e) Expand our customer base, diversify our sales effort and pursue a proactive marketing program;
(f) To pursue opportunities and participate in solar power projects incentivised by the Governmental authorities in India and abroad;
(g) Flexible approach for procurement of key raw materials at favourable prices;
(h) Continue to reduce our per Watt manufacturing costs, increase the throughput of our production lines and enhance our SPV cell Conversion Efficiencies; and
(i) Implement stricter cash management and control measures.

SWOT

Strengths

(a) State-of-the-art technology for manufacturing SPV cells obtained from Schmid;
(b) Well positioned to receive tax breaks and special incentives from the Government of India;
(c) Early mover advantage in the domestic SPV cell manufacturing space;
(d) Committed and experienced promoters with demonstrable track record; and
(e) Research and development initiatives that leverage both third party collaborations and internal resources.

Weaknesses

(a) Lack of history of long-term relationships with poly-silicon wafer suppliers;
(b) Lack of ability to increase the average selling price of our SPV cells based on the prevailing market prices;
(c) Lack of long term experience of our management in manufacturing SPV cells; and
(d) Our ability to service high cost of debt funds.

Opportunities

Our strong brand positioning and state of the art manufacturing capabilities help us to leverage our position in domestic market in view of the benefits being provided under JNNSM.

Threats

(a) Increase in price of poly-silicon wafers and silver paste;
(b) Non-utilization of our available manufacturing capacity;
(c) Non-availability of full or part of any financial incentives which we have applied for;
(d) Delays and cost overruns in expansion of our manufacturing facilities as a result of factors beyond our control; and
(e) Reduction in, or elimination of, subsidies and economic incentives for on-grid solar energy applications.

Internal Control System and its Adequacy

The Company has 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 Company's internal control systems are further supplemented by an extensive programme of internal audit by an independent firm of Chartered Accountants and periodic review by management.

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.543.40 Crores as against Rs.112.52 Crores last year. EBITDA was Rs.57.92 Crores as against of Rs.(-)22.14 Crores last year. The Company produced photovoltaic solar cells of 109.490 MWp as against 25.280 MWp last year.

Human Resource

Infrastructure of an organization is active and robust only with the dedicated efforts of the people of that organization. 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 the 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 the upgradation and enrichment of the employees

The 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.

Over a period of time, with employees' education and awareness, the breakdown levels have significantly reduced and now the efforts are being focused towards achieving zero breakdown status at our plant.

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 the 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 the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

ANNEXURE – IV

CORPORATE GOVERNANCE REPORT AS ON 31ST MARCH, 2011

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 fully with laws, regulations and guidelines. The Company's philosophy on corporate governance is to achieve business excellence and maximize shareholders' 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 has always set high targets for growth, profitability, customer satisfaction, safety and environmental performance and 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, 2011 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 are 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, 2011. 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 2010-2011, five meetings of the Board of Directors were held on 6th May, 2010, 24th September, 2010, 12th November, 2010, 17th December, 2010 and 14th February, 2011. Apart from physical meetings, the Board of Directors also considered and approved certain matters by circular resolution, which matters were, as a measure of good corporate governance practice, ratified at the next meeting of the Board.

The fifth Annual General Meeting of your Company was held on 31st May, 2010.

The names and categories of directors on the Board, their attendance record, number of directorships and committee positions as on 31st March, 2011 are noted below:

Name of the director	Category	Attendance at meetings during 2010-2011		Total no. of directorships as on 31st March, 2011	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 5)	5th AGM on 31st May, 2010		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	4	Yes	1	Nil	Nil	Nil	1
Mr. Hulas Rahul Gupta	Managing Director-Promoter	5	Yes	1	1	2	Nil	Nil

Name of the director	Category	Attendance at meetings during 2010-2011		Total no. of directorships as on 31st March, 2011	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 5)	5th AGM on 31st May, 2010		Membership in audit and investors' grievance committee	Membership in other committees	Chairmanship in audit and investors' grievance committee	Chairmanship in other committees
Mr. Anand Kumar Agarwal	Whole Time Director	5	Yes	1	1	1	Nil	Nil
Mr. Aditya Jain	Non-Executive Independent Director	5	Yes	4	2	Nil	1	2
Mr. Ravinder Khanna	Non-Executive Independent Director	3	No	2	1	1	Nil	Nil
Mr. Gautam Singh Kuthari	Non-Executive Independent Director	5	No	1	1	1	1	1

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. The directors and senior management personnel have affirmed compliance with the Code during the year ended 31st March, 2011. The declaration from the Managing Director stating that as of 31st March, 2011, 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;
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;
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. Mr. Ravinder Khanna and Mr. Gautam Singh Kuthari, the members of the Committee have accounting and related financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee. The Chairman of the Committee, Mr. Aditya Jain was present at the last Annual General Meeting of the Company held on 31st May, 2010.

During the financial year 2010-2011, the Audit Committee met four times on 6th May, 2010, 24th September, 2010, 12th November, 2010 and 14th February 2011 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. Aditya Jain	Chairman	4
Mr. Ravinder Khanna	Member	3
Mr. Gautam Singh Kuthari	Member	4

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 2010-2011, the Investors' Grievance Committee met on 14th February 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gautam Singh Kuthari	Chairman	1
Mr. Hulas Rahul Gupta	Member	1
Mr. Anand Kumar Agarwal	Member	1

5. REMUNERATION COMMITTEE

(A) Terms of Reference

The terms of reference includes the following:

(i) 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;

(ii) To fix and finalise remuneration including salary, perquisites, benefits, bonuses, allowances, etc.;

(iii) Fixed and performance linked incentives along with the performance criteria;

(iv) Increments and Promotions;

(v) Service Contracts, notice period, severance fees; and

(vi) Ex-gratia payments.

(B) Composition, Meetings and Attendance

The Remuneration Committee of the Company consists of three members, all of whom, including the Chairman, are non-executive independent directors.

During the financial year 2010-2011, the Remuneration Committee met two times on 12th November, 2010 and 14th February 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Aditya Jain	Chairman	2
Mr. Ravinder Khanna	Member	2
Mr. Gautam Singh Kuthari	Member	2

(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 2010-2011 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	53,76,000	52	01.07.2008
Mr. Hulas Rahul Gupta	Managing Director	53,76,000	22	01.07.2008
Mr. Anand Kumar Agarwal	Whole Time Director	46,24,262	37	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 2010-2011 are given below:

Name of the non-executive director	Sitting fees (Rs.)	Shareholding in the Company
Mr. Aditya Jain	2,20,000	NIL
Mr. Ravinder Khanna	1,60,000	NIL
Mr. Gautam Singh Kuthari	3,00,000	NIL

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 2010-2011, the Shares Transfer Committee met three times on 16th November, 2010, 31st December, 2010 and 30th March, 2011. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gautam Singh Kuthari	Chairman	3
Mr. Hulas Rahul Gupta	Member	3

7. SUB-COMMITTEE

(A) Terms of Reference

The terms of reference includes the following:

(i) To accept term 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 2010-2011, the Sub-Committee met on 9th March, 2011. 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	1
Mr. Anand Kumar Agarwal	Member	1

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
2007-2008	3rd	F-16, Lajpat Nagar-III, New Delhi - 110 024	Tuesday, 30th September, 2008	10.00 AM	No
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

No Extra Ordinary General Meeting of the Company was held during the financial year 2010-2011.

Details of Resolutions passed by way of Postal Ballot

During the financial year 2010-2011, the Company has not passed any Special Resolution through Postal Ballot, however, the Company has passed an Ordinary Resolution through Postal Ballot with respect to expansion plan of the Company and in terms of Section 61 of the Companies Act, 1956, pursuant to Section 192A read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 vide notice dated 17th December, 2010 the results of which were declared on 31st January, 2011. The voting pattern for the said postal ballot results is mentioned below:

Description	Ordinary Resolution under section 61 of the Companies Act, 1956 for proposed expansion plan of the Company
No. of net valid votes cast through postal ballot forms	22,72,84,859
Votes cast in favour of the resolution (no. & %age)	22,72,66,328 & 99.99%
Votes cast against the resolution (no. & %age)	18,531 & 0.01%
Result	Ordinary Resolution passed with overwhelming majority

Name of scrutinizer

Dr. S. Chandrasekaran of Chandrasekaran Associates, Company Secretaries, New Delhi.

Officers Responsible to conduct the postal ballot process

The Board had appointed Mr. Anand Kumar Agarwal, Whole Time Director and Mr. Atul Kumar Mittal, Company Secretary as responsible officers to complete the postal ballot process in a fair and transparent manner.

Procedure for postal ballot

The postal ballot process was conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

Whether any special resolution is proposed to be conducted through postal ballot - No

9. DISCLOSURES

(a) Subsidiary Companies

The Company does not have any subsidiary as on 31st March, 2011.

(b) Disclosure on Materially Significant Related Party Transactions

There were no materially significant related party transactions during the financial year 2010-11, 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 under Section 61 of the Companies Act 1956 by way of Postal Ballot as detailed above.

(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.

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

In terms of Clause 5A of Listing Agreement, the Company is in the process of crediting the shares allotted pursuant to the Initial Public Offering (IPO) completed on 15th September, 2010, which are unclaimed and are lying in demat suspense account and the details as required to be disclosed in the Annual Report are given 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 28th September, 2010 *	29	23,860
Number of shareholders who approached to issuer/registrar for transfer of shares from suspense account up to 31st March, 2011	21	17,672
Number of shareholders to whom shares were transferred from suspense account up to 31st March, 2011	21	17,672
Aggregate number of shareholders and outstanding shares in the suspense account lying at the end of the year, i.e. as on 31st March, 2011	8	6,188

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

***The shares got listed with effect from 29th September, 2010.**

10. GENERAL SHAREHOLDER INFORMATION

(a)	**Annual General Meeting**	: 6th Annual General Meeting
	Day and Date	: Tuesday, the 30th August, 2011
	Time	: 9.00 a.m.
	Venue	: Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi - 110 036
(b)	**Financial Calendar for 2011-2012 (tentative schedule)**	
	Financial year	: April 1 to March 31
	Board meetings for approval of quarterly results	
	1st quarter ended on 30th June, 2011	: on or before 14th August, 2011
	2nd quarter ended on 30th September, 2011	: on or before 14th November, 2011
	3rd quarter ended on 31st December, 2011	: on or before 14th February, 2012
	4th quarter ended on 31st March, 2012	: on or before 14th May, 2012
	Annual results for financial year ended 31st March, 2012 (audited)	: on or before 30th May, 2012
(c)	**Book closure date**	: Tuesday, 16th day of August, 2011 to Tuesday, 30th day of August, 2011 (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. Bombay Stock Exchange 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 : U18101DL2005PLC134879

(h) Market price data

i. Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2010-2011 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.)	No. of shares traded
Sep. 2010	29.50	22.60	15,75,80,243	29.90	22.80	9,41,56,441
Oct. 2010	25.50	21.00	6,55,68,660	25.50	21.00	4,34,11,099
Nov. 2010	30.95	22.50	10,00,29,340	30.90	22.55	6,31,40,821
Dec. 2010	27.90	21.60	1,83,34,163	27.30	22.05	1,10,56,014
Jan. 2011	25.25	18.30	1,06,31,996	25.20	18.40	56,15,339
Feb. 2011	21.20	16.10	1,07,02,640	21.20	16.15	66,69,069
Mar. 2011	20.50	16.80	1,05,94,668	20.00	16.70	62,90,761

ii. Market capitalization:

Market capitalization	NSE	BSE
As on 31st March, 2011 (Rs.)	5,71,42,05,660	5,73,09,62,862

iii. Performance in comparison to BSE Sensex (equity shares of the Company are listed at NSE and BSE with effect from 29th September, 2010):

Month	BSE Sensex		Indosolar Limited	
	High	Low	High (Rs.)	Low (Rs.)
Sep. 2010	20,267.98	18,027.12	29.90	22.80
Oct. 2010	20,854.55	19,768.96	25.50	21.00
Nov. 2010	21,108.64	18,954.82	30.90	22.55
Dec. 2010	20,552.03	19,074.57	27.30	22.05
Jan. 2011	20,664.80	18,038.48	25.20	18.40
Feb. 2011	18,690.97	17,295.62	21.20	16.15
Mar. 2011	19,575.16	17,792.17	20.00	16.70

(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 delegated the power of share transfer to the registrar and share transfer agents- Link Intime India Private Limited.

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, 2011 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	18,567	35.35	2,61,66,960	0.78
2,501-5,000	12,856	24.48	4,88,22,010	1.46
5,001-10,000	9,524	18.13	7,70,45,280	2.30
10,001-20,000	7,359	14.01	12,50,85,200	3.73
20,001-30,000	1,320	2.51	3,45,33,200	1.03
30,001-40,000	568	1.08	2,11,29,460	0.63
40,001-50,000	708	1.35	3,45,27,200	1.03
50,001-1,00,000	798	1.52	6,41,59,330	1.91
1,00,001 & above	822	1.57	2,91,99,71,630	87.13
TOTAL	**52,522**	**100.00**	**3,35,14,40,270**	**100.00**

(b) Shareholding pattern of the Company as on 31st March, 2011 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	1,50,96,487	4.52
Financial Institutions/Banks	1,59,96,816	4.77
Foreign Institutional Investors	6,42,904	0.19
Bodies Corporate	2,62,48,076	7.83
Individuals		
Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,77,03,397	11.25
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,38,35,160	7.11
Trusts	42,644	0.01
Foreign Nationals	4,000	0.00
Non-Resident Indians	11,20,490	0.33
Overseas Corporate Bodies	36,40,579	1.09
Clearing Members	4,94,008	0.15
Hindu Undivided Families	33,19,469	0.99
TOTAL	**33,51,44,027**	**100.00**

(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, 2011, 19,29,15,168 equity shares of Rs. 10/- each forming 57.56% 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, 2011 is as follows:

Number of complaints as on 1st April, 2010	Nil
Number of complaints received during the Financial Year 2010-2011	28
Number of complaints resolved upto 31st March 2011	28
Number of complaints pending as on 31st March 2011	Nil

The complaints received were mainly in the nature of non-receipt of refund orders, correction in demat account, etc.

There were no pending requests for transfer of shares of the Company as on 31st March, 2011.

(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

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 31st March 2011 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 : New Delhi	**H.R. GUPTA**	**A.K. AGARWAL**
Date : 09.05.2011	(Managing Director)	(Whole Time Director & Chief Financial Officer)

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 31st March, 2011, all board members and senior management personnel have affirmed compliance with Code of Conduct of the Company.

For **INDOSOLAR LIMITED**

Place : New Delhi
Date : 09.05.2011

H.R. GUPTA
(Managing Director)

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 31st March 2011. 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 : 09.05.2011

AUDITORS' REPORT

To the Members of
Indosolar Limited

1. We have audited the attached Balance Sheet of Indosolar Limited (formerly known as Robin Solar Private Limited) ("the Company") as at 31 March 2011 and the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Profit and Loss Account 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 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956; and

   (vi) 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:

      a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

      b. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

      c. 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
Membership No.: 091765

Place : New Delhi
Date :09.05.2011

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, except goods-in-transit, 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, *except in respect of spares where adequate records were not being maintained for identifying the quantity of each item of spares received, issued and the closing balances and appropriate bifurcation between spares received free of cost and those purchased*. As at year end, however the same has been rectified and the complete data and records for spares have been updated. As informed to us, no material discrepancies were noticed on verification between the physical stocks and book records.

(iii) (a) The Company had taken interest free loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year in respect of such loans was Rs 70,000,000 and the year-end balance of such loans is Rs. Nil.

In our opinion, the terms and conditions on which loans had been taken from such parties were not, prima facie, prejudicial to the interest of the Company.

In the case of interest free loans taken from parties listed in the register maintained under Section 301, the Company has been regular in repaying the principal amounts according to the agreed terms and conditions.

(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, *except in respect of spares where the adequate records were not being maintained for identifying the quantity of each item of spares received, issued and the closing balances and appropriate bifurcation between spares received free of cost and those purchased*. As at year end, however the same has been rectified and the complete data and records for spares have been updated.

(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.

(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) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured or any of the service rendered by the Company.

(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 Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been some delays in a 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 31 March 2011 for a period of more than six months from the date they became payable.

There are no dues on account of Cess under Section 441A of the Companies Act 1956, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.

(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. In respect of Cess, refer to our comments in para (ix)(a).

(x) The accumulated losses at the end of the financial year are less 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.)	Maximum amount of default (Rs.)
Corporation Bank	1 to 77	2,747,399	45,000,000
Bank of Baroda	1 to 89	701,854	45,000,000
Indian Bank	2 to 82	1,086,526	40,000,000
Union Bank	1 to 63	15,781	70,000,000
Andhra Bank	2 to 89	1,500,000	40,000,000

However, there are no overdue amounts outstanding towards interest and principal payable 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 have not 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) The management has properly disclosed the end use of money raised by public issue during the year and the same has been verified.

(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 : New Delhi
Date : 09.05.2011

BALANCE SHEET

AS AT 31ST MARCH, 2011 *(Amounts in Rs.)*

PARTICULARS	SCHEDULE	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	**3,351,440,270**	2,084,000,000
Reserves and surplus	2	**2,148,758,896**	36,400,000
Share application money pending allotment		**–**	151,650,000
LOAN FUNDS			
Secured loans	4	**5,245,000,288**	5,367,348,796
Unsecured loans	5	**–**	70,000,000
	TOTAL	**10,745,199,454**	7,709,398,796
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	6	**6,665,901,967**	6,732,915,261
Less: Accumulated depreciation		**716,999,240**	198,989,378
Net block		**5,948,902,727**	6,533,925,883
Capital work in progress		**1,190,901,300**	100,612,361
		7,139,804,027	6,634,538,244
INVESTMENTS	7	**660,000,000**	–
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	**998,667,992**	773,383,226
Sundry debtors	9	**630,819,144**	231,050,474
Cash and bank balances	10	**418,828,584**	241,097,250
Loans and advances	11	**170,774,885**	137,147,341
	TOTAL	**2,219,090,605**	1,382,678,291
LESS: CURRENT LIABILITIES AND PROVISIONS	12		
Current liabilities		**645,597,902**	1,134,525,756
Provisions		**4,951,163**	2,713,185
		650,549,065	1,137,238,941
NET CURRENT ASSETS/(LIABILITIES)		**1,568,541,540**	245,439,350
MISCELLANEOUS EXPENDITURE (to the extent not written off)	13	**–**	26,960,927
PROFIT AND LOSS ACCOUNT	3	**1,376,853,887**	802,460,275
	TOTAL	**10,745,199,454**	7,709,398,796
Significant accounting policies and notes to accounts	20		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

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

For and on behalf of the Board

VIKRAM ADVANI
Partner
Membership No.091765

H.R. GUPTA
Managing Director

A.K. AGARWAL
Whole Time Director

A.K. MITTAL
Company Secretary

Place : New Delhi
Date : 09.05.2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH, 2011

(Amounts in Rs.)

PARTICULARS	SCHEDULE	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME			
Gross sales		**5,438,514,961**	1,127,735,144
Less : Excise duty		**4,495,937**	2,567,891
Net sales		**5,434,019,024**	1,125,167,253
Other income	14	**476,278,815**	189,617,941
		5,910,297,839	1,314,785,194
EXPENDITURE			
(Increase)/decrease in stock	15	**(276,675,166)**	(296,739,879)
Manufacturing expenses	16	**5,443,541,371**	1,614,565,127
Personnel costs	17	**121,894,475**	84,976,158
Selling, administrative and other expenses	18	**317,598,854**	115,830,842
Finance and related charges	19	**676,677,216**	271,876,070
Depreciation	6	**518,285,501**	187,362,026
	TOTAL	**6,801,322,251**	1,977,870,344
Loss before tax and exceptional item for the year		**(891,024,412)**	(663,085,150)
Exceptional item (refer to note 23 of Schedule 20)		**316,764,500**	–
Loss before tax for the year		**(574,259,912)**	(663,085,150)
Provision for:			
– wealth tax		**133,700**	123,077
– prior year fringe benefit tax adjustment		**–**	628,628
Loss after tax		**(574,393,612)**	(663,836,855)
Basic and diluted loss per share (face value of Rs. 10 each)	20 (9)	**(2.09)**	(3.32)
Significant accounting policies and notes to accounts	20		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached

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

VIKRAM ADVANI
Partner
Membership No.091765

Place : New Delhi
Date : 09.05.2011

For and on behalf of the Board

H.R. GUPTA	**A.K. AGARWAL**	**A.K. MITTAL**
Managing Director	Whole Time Director	Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2011 ***(Amounts in Rs.)***

PARTICULARS	Year ended 31st March, 2011	Year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	**(574,259,912)**	(663,085,150)
Adjustments for:		
Depreciation	**518,285,501**	187,362,026
Loss on sale of fixed assets	**946,923**	–
Interest expense	**635,217,017**	254,284,791
Interest income from investments	**(62,228,668)**	–
Interest income on fixed deposits	**(24,899,060)**	(1,797,236)
Excess provision no longer required written back	**–**	(787,500)
Provision for doubtful debts	**2,674,080**	–
Bad debts written off	**3,352,853**	–
Debit balances written off	**3,105,095**	–
Unrealised exchange (gain)/Loss (net)	**25,592,814**	(51,638,751)
Operating profit/ (loss) before working capital changes	**527,786,643**	(275,661,820)
Changes in operating assets and liabilities:		
(Increase)/decrease in inventories	**(229,560,110)**	(743,911,537)
(Increase)/decrease in loans and advances	**(40,594,764)**	(71,999,337)
(Increase)/decrease in debtors	**(406,500,449)**	(231,994,831)
Increase/(decrease) in current liabilities and provisions	**(205,784,816)**	837,331,639
Cash generated from operations	**(354,653,496)**	(486,235,886)
Direct taxes paid (including wealth tax paid)	**(2,674,709)**	(2,896,650)
Net cash generated from operations	**(357,328,205)**	(489,132,536)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(1,314,731,960)**	(2,303,463,146)
Proceeds from sale of fixed asset	**751,000**	–
Investments made in money market mutual fund	**(660,000,000)**	–
Interest received	**82,747,196**	10,620,108
Net cash used in investing activities	**(1,891,233,764)**	(2,292,843,038)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	**1,231,034,480**	191,500,000
Proceeds from premium on shares issued	**2,338,965,513**	36,400,000
Proceeds from application money received	**–**	151,650,000
Proceeds from unsecured loan	**–**	70,000,000
Repayment of unsecured loan	**(59,205,634)**	–
Proceeds from term loan	**14,970,000**	2,135,056,269
Proceeds from vehicle loan	**1,678,945**	–
Repayment of vehicle loan	**(211,989)**	–
Repayment of term loan	**(920,320,436)**	–
Repayment of short term loan	**(1,616,500,000)**	–

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2011 (Contd...) ***(Amounts in Rs.)***

PARTICULARS	Year ended 31st March, 2011	Year ended 31st March, 2010
Proceeds from working capital loan	**560,815,394**	340,389,611
Proceeds from short term loan	**1,836,500,000**	250,000,000
Share issue expenses	**(308,863,060)**	(26,960,927)
Interest paid	**(652,860,156)**	(431,776,739)
Net cash from financing activities	**2,426,003,057**	2,716,258,214
Net increase/ (decrease) in cash and cash equivalents	**177,441,088**	(65,717,360)
Opening cash and cash equivalents	**241,097,250**	307,104,856
Add: Exchange loss/(gain) on foreign currency in hand	**290,246**	(290,246)
Closing cash and cash equivalents	**418,828,584**	241,097,250
Cash and cash equivalent comprises of:		
Cash in hand	**40,688**	101,873
Balances with scheduled banks	**257,896**	168,478,923
Fixed deposits	**418,530,000**	72,516,454
	418,828,584	241,097,250

Notes:

(a) 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.

(b) Cash and cash equivalent includes balances in fixed deposits under lien amounting to Rs. 378,530,000 (previous year Rs.72,516,454) which is not available for use by the Company. (refer to Schedule 10)

(c) Significant non cash adjustment include: (i) Rs.10,794,366 related to remuneration paid to managerial personnel treated as advance in the previous year has been adjusted towards part repayment of unsecured loan from such personnel. (ii) Compensation received from delay in supply of machinery amounting to EURO 1,500,000 (equivalent to Rs.90,551,100) (previous year Rs. Nil) has been adjusted to the cost of machinery.

(d) Significant accounting policies and Notes to accounts form an integral part of the cash flow statements.

As per our report of even date attached

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

VIKRAM ADVANI
Partner
Membership No.091765

Place : New Delhi
Date : 09.05.2011

For and on behalf of the Board

H.R. GUPTA	**A.K. AGARWAL**	**A.K. MITTAL**
Managing Director	Whole Time Director	Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amounts in Rs.)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 1		
SHARE CAPITAL		
Authorised		
500,000,000 (Previous Year 500,000,000) equity shares of Rs. 10 each	**5,000,000,000**	5,000,000,000
Issued and paid up capital		
335,144,027 (Previous Year 208,400,000) equity shares of Rs. 10 each	**3,351,440,270**	2,084,000,000
TOTAL	**3,351,440,270**	2,084,000,000

Note : Shares issued for consideration other than cash includes 185,000,000 equity shares of Rs. 10 each and 15,000,000 equity shares of Rs. 0.50 each partly paid that were issued to the shareholders of erstwhile Indosolar Limited in earlier years which amalgamated with the Company, pursuant to the scheme of amalgamation. Such partly paid equity shares were made fully paid prior to the effective date of scheme of amalgamation.

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 2		
RESERVES AND SURPLUS		
Securities premium		
Opening balance	**36,400,000**	–
Add : Additions during the year	**2,448,182,883**	36,400,000
Less: Utilised during the year (refer to 1(xiv) of Schedule 20)	**(335,823,987)**	–
Closing balance carried to Balance Sheet	**2,148,758,896**	36,400,000
SCHEDULE – 3		
DEBIT BALANCE OF PROFIT AND LOSS ACCOUNT		
Opening balance	**802,460,275**	138,623,420
Add : Loss incurred during the year	**574,393,612**	663,836,855
Closing balance carried to Balance Sheet	**1,376,853,887**	802,460,275
SCHEDULE – 4		
SECURED LOANS		
Term loans from banks (refer to note 1, 2, 3, 4 and 5 below) [Due within one year Rs. 920,000,000 (Previous year Rs. 920,000,000)]	**3,678,024,350**	4,583,374,786
Short term working capital loan from banks (refer to note 1, 5 and 6 below)		
– Cash credit	**461,761,862**	269,347,611
– Packing credit	**153,414,133**	71,042,000
– Buyers credit	**210,061,462**	193,584,399
– Bill discount (refer to note 21 of Schedule 20)	**270,271,525**	–
Short term loan from bank (refer to note 5 and 7 below)	**470,000,000**	250,000,000
Vehicle Loan [Due within one year Rs. 545,969 (Previous year Rs.Nil)]	**1,466,956**	–
TOTAL	**5,245,000,288**	5,367,348,796

Note :

1. 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.
2. 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.

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

3. Secured by an assignment of:
   (i) all the escrow account and all rights and interests therein, present and future;
   (ii) 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
   (iii) the rights, title and interest in, by way of first charge, all government approvals, insurance policies.
4. The loan facilities are further secured by the pledge of 51% of the equity share capital held by the promoters of the Company.
5. 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.
6. Secured by pari-passu first charge on inventory, book debts and current assets of the Company.
7. 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 machinary installed at factory building on pari-passu with other banks.

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 5		
UNSECURED LOANS		
Long-term		
Loan from shareholders	–	70,000,000
TOTAL	–	70,000,000

[Due within one year Rs.Nil (Previous year Rs.70,000,000)]

SCHEDULE – 6
FIXED ASSETS

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2010	Additions	Deletions/ Adjust-ments	As at 31 March, 2011	As at 1 April, 2010	Depreciation for the year	Deletions/ Adjust-ments	As at 31 March, 2011	As at 31 March, 2011	As at 31 March, 2010
Tangibles										
Leasehold land#	258,102,599	–	–	**258,102,599**	4,955,892	2,955,875	–	**7,911,767**	**250,190,832**	253,146,707
Building - Factory **	356,523,165	–	4,574,204	**351,948,961**	11,403,148	11,597,759	–	**23,000,907**	**328,948,054**	345,120,017
Building - Non Factory	140,331,881	–	–	**140,331,881**	2,147,672	2,342,231	–	**4,489,903**	**135,841,978**	138,184,209
Building (temporary structure)	1,434,869	–	–	**1,434,869**	1,434,869	–	–	**1,434,869**	–	–
Plant and machinery * @	5,886,514,429	20,230,195	87,124,476	**5,819,620,148**	169,364,317	493,821,250	–	**663,185,567**	**5,156,434,581**	5,717,150,112
Furniture and fixtures	58,563,407	480,907	–	**59,044,314**	3,244,358	3,705,408	–	**6,949,766**	**52,094,548**	55,319,049
Office equipment	5,814,079	641,702	–	**6,455,781**	467,302	596,310	–	**1,063,612**	**5,392,169**	5,346,777
Vehicles	21,549,700	4,491,601	1,973,562	**24,067,739**	5,220,623	2,491,239	275,639	**7,436,223**	**16,631,516**	16,329,077
Computers	3,166,635	518,005	–	**3,684,640**	615,733	560,739	–	**1,176,472**	**2,508,168**	2,550,902
Intangibles										
Computer software	914,497	296,538	–	**1,211,035**	135,464	214,690	–	**350,154**	**860,881**	779,033
Total	**6,732,915,261**	**26,658,948**	**93,672,242**	**6,665,901,967**	**198,989,378**	**518,285,501**	**275,639**	**716,999,240**	**5,948,902,727**	**6,533,925,883**
Previous year	710,543,191	6,022,372,070	–	6,732,915,261	8,138,200	190,851,178	–	198,989,378	6,533,925,883	–
Capital work in progress									133,090,720	98,975,516
Capital advances									1,038,755,471	1,636,845
Expenses pending capitalisation ##									19,055,109	–
Total capital work in progress									**1,190,901,300**	100,612,361

Leasehold land was revalued by an independent valuer as on 31 December 2008 resulting in increase in its value by Rs. 227,350,000, which was credited to Revaluation Reserve. Such revaluation reserve was adjusted pursuant to the Scheme of Amalgamation.

For details in respect of expenses pending capitalisation Rs. 19,055,109 (Previous year Rs. Nil) refer to note 14 of schedule 20.

* Adjustments to the cost of Plant and machinery comprise the following:
  – Compensation received from delay in supply of machinery amounting to EURO 1,500,000 (equivalent to Rs.90,551,100) (previous year Rs. Nil) has been adjusted to the cost of machinery that has resulted in a decrease in depreciation charge for the year by Rs.6,767,243 (Previous year Rs.Nil). Also refer to note 22 of Schedule 20.
  – Management has identified some machinery spares amounting to Rs. 4,275,344 (Previous year Rs. Nil) that relate to particular items of plant and machinery and whose usage is irregular. Accordingly, such spares have 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.4,574,204 (Previous year Rs. Nil) has been adjusted to the cost of building that has resulted in a decrease in depreciation charge for the year by Rs.309,960 (Previous year Rs. Nil).

@ Includes depreciation amounting to Rs.Nil (Previous year Rs.3,489,512) considered as expenses attributable to assets pending capitalisation (refer to note 14 of Schedule 20).

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

PARTICULARS		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 7			
INVESTMENT*			
Current - non trade, unquoted (valued at the lower of cost and fair value)			
Reliance Liquidity Fund - Growth Plan [10,861,154 (Previous year Nil) units with face value of Rs.10 (at cost Rs 160,000,000) (NAV at 31 March 2011 is Rs.160,394,260)]		**160,000,000**	–
Reliance Money Manager Fund - Institutional - Growth Plan [239,695 (Previous year Nil) units with face value of Rs.1,000 (at cost Rs 320,000,000) (NAV at 31 March 2011 is Rs.320,808,442)]		**320,000,000**	–
IDFC Fixed Maturity Monthly - Growth Plan [18,000,000 (Previous year Nil) units with face value of Rs.10 (at cost Rs 180,000,000) (NAV at 31 March 2011 is Rs.180,747,000)]		**180,000,000**	–
TOTAL		**660,000,000**	–

* The investments have been made from the unutilised monies raised from initial public offering. Also refer to note 19 to Schedule 20.

PARTICULARS		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 8			
INVENTORIES			
(At lower of cost and net realisable value)			
Raw material *		**311,409,001**	384,308,982
Finished goods #		**649,821,356**	322,724,069
Scrap @		**13,377,719**	53,331,515
Spares ##		**24,059,916**	13,018,660
TOTAL		**998,667,992**	773,383,226

* includes goods in-transit Rs. 50,465,656 (Previous year Rs. 288,814,216)

\# includes goods in-transit Rs. 2,334,189 (Previous year Rs.15,893,365) and stock of rejected cells of Rs.8,510,067 (Previous year Rs. Nil)

\## includes goods in-transit Rs. 920,156 (Previous year Rs. 704,837)

@ Includes silver amounting to Rs. 1,986,058 (Previous year: Nil) recognised as stock relating to previous year. Also, includes stock of rejected cells amounting to Rs. Nil (Previous year Rs.27,067,545) and broken cells amounting to Rs.2,909,394 (Previous year Rs.26,263,970)

PARTICULARS		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 9			
SUNDRY DEBTORS			
(Unsecured and considered good)			
Debts outstanding for a period exceeding six months			
– Considered good	90,250,009		
– Considered doubtful	2,674,080	**92,924,089**	–
Other debts			
– Considered good*		**540,569,135**	231,050,474
Less: Provision for doubtful debtors		**2,674,080**	–
TOTAL		**630,819,144**	231,050,474

* includes debtors amounting to Rs. 270,271,525 against which bills have been discounted. Also refer to note 21 of Schedule 20.

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 10		
CASH AND BANK BALANCES		
Cash in hand	**40,688**	101,873
Balances with scheduled banks		
– on current accounts	**257,896**	168,478,923
– on fixed deposit accounts*	**418,530,000**	72,516,454
TOTAL	**418,828,584**	241,097,250

* Fixed deposit includes Rs.378,530,000 (Previous year Rs. 72,516,454) as margin money. Rs. 237,500,000 of such fixed deposits have been funded from monies received from initial public issue. Also refer to note 19 of Schedule 20.

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 11		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received*#	**123,522,648**	126,246,112
Unamortised ancillary borrowing cost	**26,747,725**	–
Prepaid expenses	**6,769,924**	3,814,133
Advance tax [net of provision for tax Rs.1,339,969 (Previous year Rs. 1,339,969)]	**8,496,363**	5,944,654
Interest accrued but not due on fixed deposit	**3,288,523**	857,693
Interest accrued but not due on investments	**1,949,702**	–
Balance in approved gratuity fund (net of provision of Rs.1,007,353)	**–**	284,749
TOTAL	**170,774,885**	137,147,341

* Includes money held in trust by directors amounting to Rs Nil (Previous year Rs. 24,353,250)
# Includes service tax receivables of Rs. 52,103,921 (Previous year Rs. 23,065,065)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 12		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors #		
– small and medium enterprises	–	–
– others	**601,120,402**	1,014,189,357
Advance from customers	**9,414,323**	68,160,960
Interest accrued but not due on secured loans	**28,736,557**	46,379,696
Other liabilities##	**6,326,620**	5,795,743
TOTAL	**645,597,902**	1,134,525,756
#includes employee related payables	**12,481,911**	8,542,050
##includes employee related other liabilities	**1,281,169**	1,291,995
Provisions		
Provision for employee benefits (Net of fund balance Rs.2,120,658)	**4,817,386**	2,590,108
Provision for fringe benefit tax [net of advance of Rs.Nil (Previous year Rs.3,359,181)]	**–**	–
Provision for wealth tax [net of advance of Rs. 359,843 (Previous year Rs. 236,843)]	**133,777**	123,077
TOTAL	**4,951,163**	2,713,185

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE – 13		
MISCELLANEOUS EXPENDITURE		
Share issue expenses		
Opening balance	**26,960,927**	–
Add : Addition during the year	**–**	26,960,927
Less: Utilised against share premium (refer to note 1(xiv) of Schedule 20)	**(26,960,927)**	–
TOTAL	**–**	26,960,927

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 14		
OTHER INCOME		
Foreign exchange gain (net)	**–**	185,784,419
Excess provision written back	**–**	787,500
Interest income from investments	**62,228,668**	–
Interest income on fixed deposits (Gross of tax deducted at source Rs.2,136,401 (Previous year Rs.543,628)	**24,899,060**	1,797,236
Interest from others	**3,639,177**	–
Job work income (Gross of tax deducted at source Rs. 415,308 (Previous year Rs.Nil)	**322,939,566**	–
Sale of broken cells	**54,619,649**	1,248,786
Miscellaneous income*	**7,952,695**	–
TOTAL	**476,278,815**	189,617,941

* Includes prior period income recognised for diesel duty refund claimed on duty paid amounting to Rs.7,045,200 (Previous year Nil).

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 15		
INCREASE/(DECREASE) IN STOCKS*		
Closing stock*		
– finished goods**	**652,730,750**	376,055,584
Less: Net realisable value of finished goods produced during test run production stage #	**–**	79,315,705
	652,730,750	296,739,879
Less: Opening stock		
– finished goods	**376,055,584**	–
TOTAL	**276,675,166**	296,739,879

* After adjusting write down amounting to Rs. Nil (Previous year Rs. 17,684,621) of inventory to its net realisable value.

** Includes stock of rejected cells amounting to Rs. 8,510,067 (Previous year Rs.27,067,545) and broken cells amounting to Rs.2,909,394 (Previous year Rs.26,263,970)

\# Refer to note 14 of Schedule 20

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

PARTICULARS	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 16		
MANUFACTURING EXPENSES		
Raw material consumed **	**5,120,836,947**	1,534,008,316
Conversion charges	**11,081**	20,361,225
Consumable stores consumed	**18,074,504**	8,789,312
Fuel and power	**206,356,524**	129,421,232
Gas management charges	**6,300,000**	5,250,000
Equipmental rental charges	**35,939,995**	18,308,253
Loading and unloading charges	**6,755,836**	4,506,565
Spares consumed *	**49,266,484**	41,629,881
	5,443,541,371	1,762,274,784
Less : Transferred to expenditure pending capitalisation#	**–**	(147,709,657)
TOTAL	**5,443,541,371**	1,614,565,127

* Previous year figures include repair and maintenance for plant and machinery amounting to Rs.31,964,842.

** After adjustment of silver stock recognised in the books of account as scrap stock in inventory amounting to Rs.1,986,058 (previous year Rs. Nil) relating to 31st March, 2010.

Refer to note 14 of Schedule 20

PARTICULARS	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 17		
PERSONNEL COSTS		
Salaries, wages and bonus	**102,727,777**	74,961,996
Contribution to provident and other funds	**7,552,551**	7,090,093
Staff welfare	**11,614,147**	11,450,020
	121,894,475	93,502,109
Less: Transferred to expenditure pending capitalisation #	**–**	(8,525,951)
TOTAL	**121,894,475**	84,976,158

Refer to note 14 of Schedule 20

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd...)

(Amounts in Rs.)

PARTICULARS	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 18		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement and sales promotion	**101,768,917**	46,811,886
Travel and conveyance	**23,084,888**	19,971,016
Legal and professional	**43,953,130**	20,349,228
Rent	**1,315,133**	2,371,328
Foreign exchange loss (net)	**52,281,996**	–
Loss on sale of fixed assets	**946,923**	–
Insurance	**15,332,852**	9,013,150
Communication	**3,817,016**	4,046,415
Repair and maintenance :		
– Plant and machinery*	**35,759,189**	–
– Vehicle	**4,594,020**	4,020,400
– Others	**5,677,851**	2,441,773
Safety expenses	**1,525,109**	2,124,465
Rates and taxes	**998,781**	114,692
Provision for doubtful debts	**2,674,080**	–
Bad debts writtenoff	**3,352,853**	–
Debit balance written off	**3,105,095**	–
Miscellaneous	**17,411,021**	10,941,857
	317,598,854	122,206,210
Less : Transferred to expenditure pending capitalisation #	**–**	(6,375,368)
TOTAL	**317,598,854**	115,830,842

* In the previous year, the charge relating to repairs and maintenance - plant and machinery amounting to Rs. 31,964,842 had been included under spares consumed shown under Schedule 16.

Refer to note 14 of Schedule 20

PARTICULARS	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE – 19		
FINANCIAL EXPENSES		
Bank charges	**60,515,308**	25,513,024
Interest expense		
– on term loan	**569,530,753**	452,063,462
– on working capital	**49,585,062**	22,701,554
– on bill discounting	**16,101,202**	3,391,419
	695,732,325	503,669,459
Less: Transferred to expenditure pending capitalisation #	**(19,055,109)**	(231,793,389)
TOTAL	**676,677,216**	271,876,070

Refer to note 14 of Schedule 20

SCHEDULE – 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant Accounting Policies

i. Basis of preparation

The financial statements of Indosolar Limited ("the Company") have been prepared under the historical cost convention on accrual basis of accounting in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable and presentation requirements of the Companies Act, 1956.

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. 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.

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.

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. Until 31st March 2010, the Company's accounting policy was to charge the consumable stores to the profit and loss account, at the point of purchase. The stock of diesel, a consumable item, is now being accounted for as inventory in the books of account in the year ended 31 March 2011. Had the Company continued to follow the same accounting policy, the consumable stores consumed and manufacturing expenses would have been higher by Rs.1,690,740 and the net loss would have been higher by Rs.1,690,740.

Stock of scrap and waste is valued at estimated realisable value.

Machinery spares that are of regular use are charged to Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account. 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 Profit and Loss Account.

In respect of forward exchange contracts taken by the Company for hedging purposes, the premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. The foreign currency receivable or payable arising under the forward contract is revalued using the closing rate, and any resultant gain or loss is taken to the Profit and Loss Account.

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 directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses 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 Profit and Loss Account 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 rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account.
- **Other long term employee benefit:**
  Benefits under the Company's leave encashment constitute other long term employee benefits, recognised as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of these benefits is actuarially determined based on the projected unit credit method using the yield on government bonds, as on the date of the balance sheet, as the discounting rate. Actuarial gains and losses are charged to the Profit and Loss Account.

xiv. Miscellaneous expenditure

Until 31st March 2010, the Company had an accounting policy to amortise share issue expenses over a period of 5 years. The share issue expenses amounting to Rs.308,863,060 incurred during the year and the balance of Rs. 26,960,927 remaining unamortised as at 31st March 2010, has now been adjusted against the Securities Premium Account as permitted under Section 78 of the Companies Act, 1956, on account of a change in the accounting policy in the year ended 31st March 2011. Had the Company continued to follow the same accounting policy, the miscellaneous expenditure written off and the net loss would have been higher by Rs. 34,778,485 for the year ended and miscellaneous expenditure would have been higher by Rs. 301,045,502 as at 31st March 2011.

2. Deferred tax

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.

Components of deferred tax asset/ (deferred tax liability) are as follows:

Particulars	**As at 31st March, 2011**	As at 31st March, 2010
Components of deferred tax asset		
On account of unabsorbed business losses	**569,933,969**	515,781,590
Components of deferred tax liability		
On account of depreciation	**569,933,969**	515,781,590
Total	**–**	–
Net Deferred tax asset/(liability) recognised	**–**	–

3. Contingent liabilities:

(a) Bills discounted with banks outstanding as at 31st March 2011 Rs. Nil (previous year: Rs. 115,161,283). Also refer to note 20 of this schedule.

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 2,690,315,927 (Previous year Rs. 11,529,269).

4. Leases 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 Profit and Loss Account is Rs. 37,255,128 (Previous year: Rs. 20,679,581). Future minimum lease payments for the non cancellable operating leases are given below:

Particulars	**As at 31st March, 2011**	As at 31st March, 2010
Minimum lease payments		
Not later than one year	**31,320,000**	12,600,000
Later than one year and not later than five years	**61,093,549**	39,493,549
Later than five years	**–**	–
Total	**92,413,549**	52,093,549

5. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956.

a) Details of capacity and production

Class of goods	Units	Licensed capacity		Installed capacity**	
		As at 31st March, 2011	As at 31st March, 2010	**As at 31st March, 2011**	As at 31st March, 2010
Solar cells	Nos.	**N.A.**	N.A.	**52,560,000**	52,560,000

** On triple shift annual basis

b) Particulars in respect of opening stock, purchases, sales and closing stock of finished goods

Item	Opening stock				Production	
	As at 1st April, 2010		As at 1st April, 2009		**Year ended 31st March,11**	Year ended 31st March,10
	Qty. (Nos.)	**Amount (Rs.)**	Qty. (Nos.)	Amount (Rs.)	**Qty. (Nos.)**	Qty. (Nos.)
Solar cells	**##1,622,045**	**322,246,915**	Nil	Nil	***25,580,711**	6,903,988
Solar modules	**28**	**477,154**	Nil	Nil	**Nil**	***2,472
Total		**322,724,069**		Nil		

Item	Sales				Closing stock			
	Year ended 31st March, 2011		Year ended 31st March, 2010		As at 31st March, 2011		As at 31st March, 2010	
	Qty. (Nos.)	Amount (Rs.)	Qty. (Nos.)	Amount (Rs.)	Qty (Nos.)	Amount (Rs.)	Qty (Nos.)	Amount (Rs.)
Solar cells	**24,773,995	5,434,019,024	#5,281,943	1,072,252,304	3,030,262	649,347,913	1,622,045	322,246,915
Solar modules	Nil	Nil	2,444	52,914,949	28	473,443	28	477,154
Total		5,434,019,024		1,125,167,253		649,821,356		322,724,069

* Solar Cells excludes 3,217,061 (previous year: Nil) produced and dispatched under job work arrangement and 691,394 cells identified as wastage.

** Sale of Solar cells includes 10,698 cells sent as free samples.

*** Production of Solar modules includes Nil (Previous year: 2,472) received after conversion of solar cells.

\# Sale of Solar cells includes 158,400 sent for conversion to modules and 22,377 cells as free samples.

\## Excludes stock of rejected cells 601,501 amounting to Rs.27,067,545.

c) Details of raw materials consumed

Item	Units	Year ended 31st March, 2011		Year ended 31st March, 2010	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Silicon multi-crystalline wafers*	Nos.	27,582,074	4,307,833,156	8,348,254	1,278,164,640
Conductor paste	Kgs	62,056	534,970,477	16,773	148,143,699
Chemicals	**	-	216,872,842	-	82,071,569
Screens	**	-	28,870,669	-	12,085,419
Gases	**	-	32,289,803	-	13,542,989
Total			5,120,836,947		1,534,008,316

* Excludes 10,698 (Previous year 22,377) silicon wafers amounting to Rs. 1,956,067 (Previous year Rs. 4,102,970) consumed towards solar cells issued as free samples.

** It is not practicable to furnish quantitative information in view of large number of items which differ in size and nature, each being less than 10% in value of the total.

d) Value of imported and indigenous raw materials, stores and spares consumed during the year and the percentage of each to total consumption

(i) Raw materials consumed

Particulars	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Amount (Rs.)	%	Amount (Rs.)	%
Imported	4,940,610,532	96.48%	1,469,392,840	95.78%
Indigenous	180,226,415	3.52%	64,615,476	4.22%
Total	5,120,836,947	100%	1,534,008,316	100%

(ii) Stores and spares consumed

Particulars	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Amount (Rs.)	%	Amount (Rs.)	%
Imported	44,512,922	90.35%	37,574,360	90.26%
Indigenous	4,753,562	9.65%	4,055,521	9.74%
Total	49,266,484	100%	41,629,881	100%

6. CIF value of imports

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Raw materials	**5,114,750,338**	1,529,439,584
Capital goods	**11,534,485**	2,372,610,345
Total	**5,126,284,823**	3,902,049,929

7. Expenditure in foreign currency

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Travelling expenses	**3,535,839**	2,936,983
Advertisement and sales promotion	**23,192,569**	13,782,514
Legal and professional	**1,660,260**	2,957,033
Total	**28,388,668**	19,676,500

8. Earnings in foreign exchange

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
FOB value of exports#	**5,383,221,452**	1,049,457,496
Total	**5,383,221,452**	1,049,457,496

#Includes deemed exports to EOU/ SEZ units amounting to Rs.569,381,573 (previous year Rs. 264,844,478).

9. Earnings per share

The computation of basic/diluted loss per share is set out below:

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Net loss for the year attributable to equity shareholders in rupees-(A)	**(574,393,612)**	(663,836,855)
Shares outstanding as at the beginning of the year	**208,400,000**	189,250,000
Weighted average number of partly paid equity shares (Rs. 9.50 paid up) call money adjusted on 22nd May, 2009	**–**	4,086,301
Weighted average number of partly paid equity shares (Rs. 6.00 paid up) call money adjusted on 22nd May, 2009	**–**	5,161,644
Weighted average number of fully paid equity shares issued on 7th January, 2010	**–**	1,872,611
Weighted average number of fully paid equity shares issued on 31st March, 2010	**–**	4,459
Weighted average number of fully paid equity shares issued on 1st June, 2010	**3,032,153**	–
Weighted average number of fully paid equity shares issued on 24th September, 2010	**63,743,977**	–
Weighted average number of equity shares for calculation of basic loss per share - (B)	**275,176,131**	200,375,015
Basic/diluted loss per share (face value of Rs. 10 each) – (A)/(B)	**(2.09)**	(3.32)

Note

1. As the partly paid shares were entitled to participate in dividend to the extent of amount paid, such partly paid shares have been treated as fraction of an equity share till such time they were fully paid up.
2. Share application money pending allotment amounting to Rs.151,650,000 as at 31st March, 2010 represented potential equity shares outstanding as at 31st March, 2010. However, considering the fact that the Company had incurred losses, therefore the effect of potential equity shares was anti-dilutive, hence, no effect thereof was considered.

10. The Company's foreign currency exposure on account of payables not hedged as on 31st March, 2011 and 31st March, 2010 is as follows:

Particulars	Amount in Foreign currency	Amount in Rupees
Euro	**3,783,201** (6,169,717)	**239,249,633** (373,819,471)
US Dollar	**4,630,379** (16,998,514)	**206,746,442** (765,444,791)
Yen	**2,334,204** (–)	**1,260,937** (–)

Previous year figures are given in brackets

11. The Company's foreign currency exposure on account of receivables not hedged as on 31st March, 2011 and 31st March, 2010 is as follows:

Particulars	Amount in Foreign currency	Amount in Rupees
US Dollar	**6,465,694** (1,340,306)	**288,693,225** (60,319,148)
Euro	**110,760** (116,195)	**7,004,459** (7,034,888)

Previous year figures are given in brackets

12. Payment to Auditors

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Statutory audit	**1,400,000**	1,200,000
Quarterly review fees	**1,300,000**	–
Tax audit	**250,000**	–
Services related to share issue	**850,000**	2,595,000
As advisor in respect of taxation matters	**150,000**	–
Out of pocket expenses (including service tax)	**388,623**	755,245
Total	**4,338,623**	4,550,245

13. The Company has imported machinery, raw material and incurred other expenses in foreign currency amounting to Rs.11,370,552,000 till 31st March, 2011. 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 five years from the commencement of its operation. At year end (i.e. after two years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs.901,829,000. Management is confident that they would be able to achieve a positive net foreign exchange during the unexpired period.

14. Expenditure attributable to assets pending capitalisation
During the current year, the Company has incurred certain revenue expenses attributable to assets under construction, which will be capitalised along with the cost of fixed assets in future years. The details of such expenditure incurred are given below:

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Manufacturing expenses:		
Raw material consumed	**–**	99,061,704
Consumable stores	**–**	667,953
Fuel and power	**–**	31,285,585

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Gas management charges	–	787,500
Equipment rental charges	–	6,280,155
Spares consumed	–	9,626,760
Sub total (A)	–	**147,709,657**
Personnel costs		
Salaries, wages and bonus	–	7,213,379
Contribution to provident and other funds	–	346,278
Staff welfare	–	966,294
Sub total (B)	–	**8,525,951**
Operating expenses pending capitalisation:		
Rent	–	–
Insurance expenses	–	5,136,560
Fuel and power	–	–
Travel and conveyance	–	315,666
Communication	–	78,790
Legal and professional	–	–
Repair and maintenance – Others	–	171,878
Miscellaneous	–	672,474
Sub total (C)	–	**6,375,368**
Borrowing cost (net of incomes from fixed deposits out of borrowed funds)		
Interest on term loan	–	223,871,644
Ancillary cost in connection with borrowings	**19,055,109**	7,921,745
Sub total (D)	**19,055,109**	231,793,389
Less : Interest income on fixed deposits	–	–
Sub total (E)	**19,055,109**	**231,793,389**
Depreciation (F)	–	**3,489,152**
Less: Net realisable value of finished goods produced during test run production stage (G)	–	**79,315,705**
Total amount (A)+(B)+(C)+(E)+(F)-(G)	**19,055,109**	**318,577,812**
Add: Opening balance	–	197,776,812
Add: Amount acquired on amalgamation	–	–
Less: Amount capitalised/adjusted	–	516,354,624
Balance to be carried forward	**19,055,109**	–

15. Related party

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 current year:

i) Relatives of key managerial personnel controlling the Company — Mrs. Priya Desh Gupta

ii) Other key managerial personnel — Mr. A.K. Agarwal

c) **Following are the details of related party transactions:**

Transactions during the year	As at 31st March, 2011	As at 31st March, 2010
Equity share call money received		
Mr. H.R. Gupta	–	60,000,000
Mr. B.K. Gupta	–	47,500,000
Payment received towards issue of fully paid equity shares		
Mr. H.R. Gupta	–	55,000,000
Mr. B.K. Gupta	–	15,000,000
Rent paid to		
Mrs. Priya Desh Gupta	**378,000**	370,000
Managerial Remuneration (refer to Note 16)		
Mr. H.R. Gupta	**7,440,717**	19,476,327
Mr. B.K. Gupta	**7,210,167**	26,337,624
Mr. A.K. Agarwal	**7,115,742**	4,637,880
Unsecured loan received from:		
Mr. H.R. Gupta	–	20,000,000
Mr. B.K. Gupta	–	50,000,000
Unsecured loan repaid to:		
Mr. H.R. Gupta	**20,000,000**	–
Mr. B.K. Gupta	**50,000,000**	–
Guarantees given on behalf of the Company		
Mr. H.R. Gupta	**7,093,800,000**	6,350,000,000
Mr. B.K. Gupta	**7,093,800,000**	6,350,000,000

d) **Outstanding balances as at the year end**

Particulars	As at 31st March, 2011	As at 31st March, 2010
Loans and advances (refer note 18 of Schedule 19)		
Mr. H.R. Gupta	–	9,309,985
Mr. B.K. Gupta	–	12,791,785
Mr. A.K. Agarwal	–	2,251,480
Sundry creditors		
H.R. Gupta	**716,500**	194,456
Unsecured loan		
Mr. H.R. Gupta	–	20,000,000
Mr. B.K. Gupta	–	50,000,000

16. Employee 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.7,552,551 (Previous year Rs.7,090,093) related to employers’ contribution to Provident Fund and Employees State Insurance Scheme in the Profit and Loss Account.

(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. 1,000,000.

Particulars	**As at 31st March, 2011**	As at 31st March, 2010
Changes in the present value of defined benefit obligation		
Projected benefit obligation at the beginning of the year	**1,007,353**	405,864
Interest cost	**148,308**	78,074
Current service cost	**873,722**	712,915
Benefits paid	**-**	-
Actuarial gain/ (loss)	**383,094**	(189,500)
Past service cost	**12,781**	-
Projected benefit obligation at the end of the year	**2,425,258**	1,007,353
Changes in the fair value of the plan assets		
Fair value of the plan assets in the beginning of the year	**1,292,102**	-
Expected return on plan assets	**152,875**	-
Contributions	**751,648**	1,201,955
Actuarial gain/ (loss)	**(75,967)**	90,147
Fair value of the plan assets in the end of the year	**2,120,658**	1,292,102
Amount recognised in the Balance Sheet		
Projected benefit obligation at the end of the year	**2,425,258**	1,007,353
Fair value of the plan assets in the end of the year	**(2,120,658)**	(1,292,102)
Funded status of the plans liabilities	**-**	-
Present value of unfunded obligation	**-**	-
Unrecognised past service cost	**(11,183)**	-
Liability / (asset) recognised in the Balance Sheet	**293,417**	(284,749)
Gratuity expenses recognised in Profit and Loss account		
Current service cost	**873,722**	712,915
Interest cost	**148,308**	78,074
Expected return on plan assets	**(152,875)**	-
Net actuarial (gain) recognised in the year	**459,061**	(279,647)
Loss on “acquisition/divestiture”	**-**	-
Past service cost	**1,598**	-
Net gratuity cost	**1,329,814**	511,342

c) Experience adjustment

Particulars	**Period Ended**			
	31st March, 2008	31st March, 2009	31st March, 2010	**31st March, 2011**
Defined benefit obligation	-	405,864	1,007,353	**2,425,258**
Plan assets	-	-	1,292,102	**2,120,658**
Surplus/ (Deficit)	-	(405,864)	284,749	**(304,600)**
Experience adjustment on plan liabilities	-	-	(79,144)	**464,693**
Experience adjustment on plan assets	-	-	90,147	**(75,967)**

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, 2011	As at 31st March, 2010
Economic assumptions		
Discount rate Long term rate of compensation increase	**8.15 %** **6.00 %**	7.90 % 6.00 %
Demographic assumptions		
Retirement age Mortality table	**60 years** **LIC (1994-96) mortality tables**	60 years LIC (1994-96) mortality tables
Withdrawal Rates		
Ages (years) 21-30 31-40 41-59	 **5.00%** **3.00%** **2.00%**	 5.00% 3.00% 2.00%

17. Managerial remuneration

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Salary*	**20,278,884**	46,328,000
Contribution to provident and other fund**	**1,440,000**	3,441,600
Perquisites	**47,742**	682,231
Total	**21,766,626**	50,451,831

* Includes remuneration relating to the period 26th September, 2009 to 31st March, 2010 amounting to Rs.7,153,334 that has been charged off in the year ended 31st March, 2011. Such remuneration was being disclosed as held in trust by such managerial personnel as at 31st March, 2010, representing amount paid in excess of the prescribed limits of Schedule XIII of the Companies Act, 1956. The Company had filed an application for obtaining the approval from the Central Government. During the year, the matter was resolved after the Central government approved the remuneration and directed the Company to pay the same in accordance with Schedule XIII of the Companies Act, 1956.

** Includes contribution towards provident fund, but does not include expense towards other retirement benefits since the same is based on actuarial valuation carried out for the Company as a whole.

18. Segment reporting

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.

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

Information about secondary business segments:

Particulars	Within India	Outside India	Total
Revenue	**105,103,584** (71,945,386)	**5,328,915,440** (1,053,221,867)	**5,434,019,024** (1,125,167,253)
Segment assets*	**8,709,728,154** (7,851,300,148)	**1,309,166,478** (168,435,038)	**10,018,894,632** (8,019,735,186)
Addition to fixed assets	**30,934,292** (3,029,874,544)	**–** (–)	**30,934,292** (3,029,874,544)

Segment asset outside India includes advances given for purchase of capital assets.

Figures in bracket indicate previous year figures

19. Shareholders have 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	Amount (Rs.)
IPO Proceeds received	**3,569,999,992**
Utilisation of funds:	
Advances given to supplier of assets	1,231,775,682
Used to pay working capital loan	1,104,900,323
Used for share issue expenses	335,823,987
Invested in fixed deposit with banks	237,500,000
Invested in mutual funds #	660,000,000
Total funds utilised	**3,569,999,992**

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

20. Investments purchased and sold during the year

Particulars	During the Year				As at 31st March, 2011	
	Acquired		Sold		Units	Value
	Units	Value (Rs.)	Units	Value (Rs.)		
Axis Liquid Fund - Institutional Growth Plan	331,409	353,000,000	331,409	353,000,000	–	–
Axis Short Term Fund - IP - Growth Plan	9,163,958	95,000,000	9,163,958	95,000,000	–	–
Baroda Pioneer PSU Equity Fund – Growth Plan	250,000	2,500,000	250,000	2,500,000	–	–
Birla Sunlife Cash Plus - IP - Growth Plan	37,572,357	575,000,000	37,572,357	575,000,000	–	–
DSP Blackrock Liqidity Fund - Institutional Plan - Growth Plan	443,117	600,000,000	443,117	600,000,000	–	–
Fidelity Ultra Short Term Debt Fund Super Institutional - Growth Plan	20,020,341	250,000,000	20,020,341	250,000,000	–	–
HDFC Liquid Fund - Premium Plus Plan - Growth Plan	15,797,705	300,000,000	15,797,705	300,000,000	–	–
ICICI Prudential Liquid - Super IP - Growth Plan	2,148,948	300,000,000	2,148,948	300,000,000	–	–
IDFC Cash Fund - Plan C - Super IP - Growth Plan	43,542,249	500,000,000	43,542,249	500,000,000	–	–
IDFC Fixed Maturity Monthly - Growth Plan	18,000,000	180,000,000	–	–	**18,000,000**	**180,000,000**
IDFC Fixed Maturity Quarterly - Growth Plan	50,000,000	500,000,000	50,000,000	500,000,000	–	–
JP Morgan India Liquid Fund - Super IP - Growth Plan	24,528,441	300,000,000	24,528,441	300,000,000	–	–
Kotak Floater Short Term - Growth Plan	32,020,903	500,000,000	32,020,903	500,000,000	–	
Reliance Liquid Fund - Cash - Growth Plan	15,056,864	235,000,000	15,056,864	235,000,000	–	–
Reliance Liquidity Fund - Growth Plan	17,885,401	260,000,000	7,024,248	100,000,000	**10,861,153**	**160,000,000**
Reliance Money Manager Fund - Institutional - Growth Plan	239,695	320,000,000	–	–	**239,695**	**320,000,000**
Templeton India TMA - Super IP - Growth Plan	213,882	300,000,000	213,882	300,000,000	–	
TFLG Tata Floater Fund - Growth Plan	35,451,941	500,000,000	35,451,941	500,000,000	–	–
UTI Liquid Fund - Cash Plan -IP - Growth Plan	193,495	300,000,000	193,495	300,000,000	–	–
Total	322,860,706	6,370,500,000	293,759,858	5,710,500,000	**29,100,848**	**660,000,000**

Note: There were no investments as at 31st March, 2010.

21. During the year, the Company has recognised bills discounted with recourse and outstanding at year end as part of working capital loan in Schedule 4 and the corresponding recoverable under sundry debtors following the principle of gross presentation. In the previous year, outstanding bills discounted amounting to Rs. 114,240,581 were adjusted against sundry debtors.

22. During the year the Company received a credit note from principal supplier of machinery amounting to Euro 1,500,000 (equivalent to Rs. 90,551,100) to compensate for the delay in the supply of machinery in accordance with the terms of the contract. The amount of credit note has been adjusted to the cost of plant and machinery and the depreciation has been accordingly, recomputed with retrospective effect, resulting in a downward adjustment to depreciation charge by Rs.6,767,243 in the year ended 31st March, 2011.

23. During the 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 5,000,000 (equivalent to Rs. 316,764,500) from its supplier of machinery. Such claim has been disclosed as an exceptional item in the Profit and Loss Account.

24. Previous year figures have been regrouped / recast wherever necessary to confirm to current year's classification.

As per our report of even date attached

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

VIKRAM ADVANI
Partner
Membership No.091765

Place : New Delhi
Date : 09.05.2011

For and on behalf of the Board

H.R. GUPTA	**A.K. AGARWAL**	**A.K. MITTAL**
Managing Director	Whole Time Director	Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	U18101DL2005PLC134879
State Code	55
Balance sheet date	31 MARCH 2011

II. CAPITAL RAISED DURING THE YEAR (Amounts in rupees thousands)

Public issue	1231034	Right issue	NIL
Bonus issue	NIL	Private placement	36406

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amounts in rupees thousands)

Total liabilities	10745199	Total assets	10745199

SOURCES OF FUNDS

Paid up capital	3351440	Reserves and surplus	2148759
Share application money	NIL	Secured loans	5245000
Unsecured loans	NIL		

APPLICATION OF FUNDS

Net fixed assets	7139804	Investments	660000
Net current assets	1568541	Miscellaneous expenditure	NIL
Profit and loss account	1376854		

IV. PERFORMANCE OF COMPANY (Amounts in rupees thousands)

Total turnover	5434019	Other income	476279
Total income	5910298	Total expenditure	6484558
Profit before tax	(574260)	Profit after tax	(574394)
Earnings per share (In Rs.)	(2.09)	Dividend rate (%)	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item code no. (ITC code)	8541
Product Description	PHOTOVOLTAIC SOLAR CELLS

For and on behalf of the Board

Place : New Delhi	**H.R. GUPTA**	**A.K. AGARWAL**	**A.K. MITTAL**
Date : 09.05.2011	Managing Director	Whole Time Director	Company Secretary

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 6th Annual General Meeting of the Company to be held on Tuesday, the 30th day of August, 2011 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. 3		
Resolution No. 2			Resolution No. 4		

Signed this__________________day of______________2011

Folio No.: ____________________________________ No. of Shares Held : ____________________________________

DP ID: ______________________________________ Client ID: ____

Affix Revenue Stamp of Re. 1

Signature(s) of Member(s) (1)___________________________ (2) ___________________________ (3) ___________________________

***Refer note no. 6**

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.

CUT HERE

CUT HERE

INDOSOLAR LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 6th Annual General Meeting of the Company at Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi - 110 036 on Tuesday, the 30th day of August, 2011 at 9.00 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.

INDOSOLAR™
LIMITED

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
Website : www.indosolar.co.in

Printed by : First Impression 9811224048, 9899578245