INDOSOLAR LIMITED
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STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2014 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figure for current period ended	Year to date figure for the previous period ended	Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
	Part I						
1	**Income from operations**						
a	Net sales/income from operations (net of excise duty)	4,024.13	371.81	226.49	4,395.94	986.60	1,538.88
b	Other operating income	2.41	-	5.13	2.41	12.98	27.97
	Total income from operations (net)	**4,026.54**	**371.81**	**231.62**	**4,398.35**	**999.58**	**1,566.85**
2	**Expenses:**						
a	Cost of materials consumed	2,876.98	(3.87)	(1.18)	2,873.11	95.85	101.54
b	Purchase of stock in trade	118.21	183.08	110.73	301.29	388.09	518.67
c	Changes in inventories of finished goods, work-in-progress and stock in trade	(568.96)	113.32	64.12	(455.64)	19.13	621.09
d	Employee benefits expense	213.20	92.09	83.72	305.29	178.72	313.05
e	Depreciation and amortisation expense (Refer note 7)	778.99	823.40	760.93	1,602.39	1,513.59	3,018.70
f	Power and fuel	620.84	52.94	8.80	673.78	52.30	65.22
g	Foreign exchange (gain)/loss (net) (Refer note 5)	(148.07)	21.24	311.04	(126.83)	872.07	694.44
h	Demurrage/detention charges	-	-	-	-	-	1,308.36
i	Other expenses	670.72	108.70	114.80	779.42	452.38	788.26
	Total expenses	**4,561.91**	**1,390.90**	**1,452.96**	**5,952.81**	**3,572.13**	**7,429.33**
3	**Loss from operations before other income, finance cost and exceptional items (1-2)**	**(535.37)**	**(1,019.09)**	**(1,221.34)**	**(1,554.46)**	**(2,572.55)**	**(5,862.48)**
4	Other income	5.75	63.33	49.96	69.08	111.32	242.58
5	**Loss from ordinary activities before finance costs and exceptional items (3+4)**	**(529.62)**	**(955.76)**	**(1,171.38)**	**(1,485.38)**	**(2,461.23)**	**(5,619.90)**
6	Finance costs (Refer note 5)	3,189.44	2,170.76	2,085.64	5,360.20	4,000.61	8,075.45
7	**Loss from ordinary activities after finance cost but before exceptional items (5-6)**	**(3,719.06)**	**(3,126.52)**	**(3,257.02)**	**(6,845.58)**	**(6,461.84)**	**(13,695.35)**
8	Exceptional items (expense)/income	-	-	-	-	-	-
9	**Loss from ordinary activities before tax (7+8)**	**(3,719.06)**	**(3,126.52)**	**(3,257.02)**	**(6,845.58)**	**(6,461.84)**	**(13,695.35)**
10	Tax expenses	-	-	-	-	-	-
11	**Loss from ordinary activities after tax (9-10)**	**(3,719.06)**	**(3,126.52)**	**(3,257.02)**	**(6,845.58)**	**(6,461.84)**	**(13,695.35)**
12	Extraordinary items (net of tax expenses Rs. nil)	-	-	-	-	-	-
13	**Loss after taxes (11+12)**	**(3,719.06)**	**(3,126.52)**	**(3,257.02)**	**(6,845.58)**	**(6,461.84)**	**(13,695.35)**
14	Paid up equity share capital (Face value-Rs.10 each)	33,514.40	33,514.40	33,514.40	33,514.40	33,514.40	33,514.40
15	Reserves (excluding revaluation reserve, if any)	-	-	-	-	-	(38,601.64)
16	Earning per share (before extraordinary item) (in Rs.) **(not annualised)**						
	Basic	(1.11)	(0.93)	(0.97)	(2.04)	(1.93)	(4.09)
	Diluted	(1.11)	(0.93)	(0.97)	(2.04)	(1.93)	(4.09)
17	Earning per share (after extraordinary item) (in Rs.) **(not annualised)**						
	Basic	(1.11)	(0.93)	(0.97)	(2.04)	(1.93)	(4.09)
	Diluted	(1.11)	(0.93)	(0.97)	(2.04)	(1.93)	(4.09)
	Part II						
A	**Particulars of Shareholding**						
1	Public shareholding						
	- Number of shares	153,144,030	153,144,030	128,144,030	153,144,030	128,144,030	153,144,030
	- Percentage of shareholding	45.70%	45.70%	38.24%	45.70%	38.24%	45.70%
2	Promoters and promoter group shareholding						
	a) Pledged/ encumbered (Refer note 6)						
	- Number of shares	136,885,495	136,885,495	161,885,495	136,885,495	161,885,495	136,885,495
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	75.21%	75.21%	78.21%	75.21%	78.21%	75.21%
	- Percentage of shares (as a % of the total share capital of the company)	40.84%	40.84%	48.30%	40.84%	48.30%	40.84%
	b) Non encumbered (Refer note 6)						
	- Number of shares	45,114,502	45,114,502	45,114,502	45,114,502	45,114,502	45,114,502
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	24.79%	24.79%	21.79%	24.79%	21.79%	24.79%
	- Percentage of shares (as a % of the total share capital of the company)	13.46%	13.46%	13.46%	13.46%	13.46%	13.46%

	Particulars	Quarter ended 30.09.14
B	**Investor Complaints**	
	Pending at the beginning of the quarter	-
	Received during the quarter	-
	Disposed off during the quarter	-
	Remaining unresolved at the end of the quarter	-

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

Date: 14 November 2014
Place: New Delhi

Managing Director

Notes to the results for the Quarter and Six months ended 30 September 2014

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

Particulars	**Un-audited As at 30 September 2014**	**Audited As at 31 March 2014**
A Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital	34,464.40	34,464.40
(b) Reserves and surplus	(45,493.14)	(38,601.64)
Sub-total - Shareholders' funds	**(11,028.74)**	**(4,137.24)**
2 Non-current liabilities		
(a) Long-term borrowings	63,318.30	72,927.59
(b) Other long-term liabilities	-	6,688.70
(c) Long-term provisions	16.58	16.58
Sub-total - Non-current liabilities	**63,334.88**	**79,632.87**
3 Current liabilities		
(a) Short-term borrowings	7,771.81	7,239.24
(b) Trade payables	2,310.13	1,410.15
(c) Other current liabilities	50,249.33	31,910.34
(d) Short-term provisions	1.44	1.44
Sub-total - Current liabilities	**60,332.71**	**40,561.17**
Total - Equity and liabilities	**112,638.85**	**116,056.80**
B Assets		
1 Non-current assets		
(a) Fixed assets	103,465.57	106,072.81
(b) Long-term loans and advances	1,172.85	1,126.74
(c) Other non-current assets	218.21	3,252.09
Sub-total - Non-current assets	**104,856.63**	**110,451.64**
2 Current assets		
(a) Inventories	4,646.31	3,672.41
(b) Trade receivables	728.96	331.48
(c) Cash and cash equivalents	535.37	221.12
(d) Short-term loans and advances	1,818.98	1,311.46
(e) Other current assets	52.60	68.69
Sub-total - Current assets	**7,782.22**	**5,605.16**
Total - Assets	**112,638.85**	**116,056.80**

2 The Company has continued to incur significant losses in the current quarter and year to date resulting in further erosion of its net worth which had already been fully eroded as at 31 March 2014. During the year ended 31 March 2013, on erosion of more than 50% of peak net worth, the Company had reported to BIFR (Board of Industrial and Financial Reconstruction) on 22 November 2013 in accordance with the requirements of Sick Industrial Companies Act, 1985.

On an overall basis as on 30 September 2014, the short term liabilities exceed the short term assets by Rs 52,550.49 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 17,174.72 lakhs has become repayable as at 30 September 2014 and a further amount of Rs. 17,151.88 lakhs is repayable by 31 March 2015. Also, there are outstanding foreign currency liabilities for purchase of material and capital goods aggregating to Rs. 2,441.95 lakhs which are outstanding for a period of more than 3 years as at 30 September 2014. Due to continued liquidity issues, the Company had approached the bankers for a second Corporate Debt Restructuring Package. The response of the banks is awaited.

3 The Solar industry has witnessed turmoil owing to significant downturn in the global market due to structural over supply situation. However, the domestic market as a result of several government initiatives to enhance solar power capacity in India has been showing an upturn off late. The Company which had not been able to utilize its capacity for a significant part of the last two years has recently won orders aggregating to 132.65 MW for an aggregate consideration of Rs. 37,500 lakhs, as a result of which the plant has recommenced commercial production and is expected to be fully utilized till May 2015.

During the previous year, there have been some key policy announcements in the guidelines issued under the 'Jawaharlal Nehru National Solar Mission (JNNSM), Phase-II, Batch-I' that provided for bidding with domestic content requirement (both PV/ thin film based cells and modules must be manufactured in India). Certain Public Sector Units (PSU) have also announced solar installation plans with domestic content requirement. The guidelines issued under JNNSM provide that such projects shall be incentivised by way of 'Viability Gap Funding' and the extent of funding shall be determined basis the project cost of setting up of such projects. The impact of these policy decisions in terms of pricing and orders placed on the Company shall be known only in the next few quarters.

On the regulatory side, the Anti Dumping Duty application filed by Solar Manufacturers Association of India dated 18th January 2012, has been withdrawn by the association in view of the government's assurance of its intention to support domestic industry and meet its ambitious targets of solar installation.

Considering the above referred domestic content requirements as put out in the guidelines and other expression of interests issued by certain PSUs, procurement of recent orders and resumption of fully capacity production during the current quarter and a techno economic viability conducted by an external expert which forms the basis of the application for seeking a second Corporate Debt Restructuring package, management believes that there is no impairment in respect of the carrying value of its fixed assets including capital work in progress as at 30 September 2014 and that it is appropriate to prepare the accounts on a going concern basis.

The issue relating to the Company's eligibility for certain capital incentives is currently under litigation and the outcome is not known at present

4 The Company had been awarded a turnkey contract by MP Urja Vikas Nigam Limited (MP Urja) for setting up of 3MW (in aggregate) SPV Power Plants with a capacity ranging between 10-50 KW per plant, vide letter of intent dated 12 September 2012, through a tender process during the quarter ended 31 December 2012. The contract included design, engineering, supply, installation and commissioning and interfacing of Solar Photovoltaic Power Plants (SPVPP) with 5 years Warranty Cum Comprehensive Maintenance Contract (CMC). In accordance with the stipulated terms of the contract, the Company has deposited earnest money deposit (EMD) amounting to Rs. 60.10 lakhs. Out of the total contract, work orders aggregating to 1.6 MW amounting to Rs. 2,914.13 lakhs was raised on the Company that was required to be executed till 30 June 2013. The Company has raised the bills for having completed 0.1 MW (5 sites) until 30 September 2014 and the dues outstanding in relation to the executed portion amounts to Rs. 177.23 lakhs. The Company had also filed an application seeking extension with MP Urja for completion of the unexecuted work.

During the previous year, the Company had received a final notice from MP Urja rejecting the extension plea and deciding to cancel the work order (other than the 3 sites considered completed by MP Urja) given to the Company alongwith the forfeiture of EMD and imposition of penalty due to the non compliance by the Company. MP Urja had also stated in the notice that it shall take action against the Company on account of breach of terms and conditions of the agreement. The contract stipulates a penalty if there is a delay in completing the work order that can extend to a maximum of 10 % of the order value and MP Urja will be free to purchase the balance goods from elsewhere without notice to the Company and carry out the unexecuted work, at Company's cost and risk. Also, any loss or damage that MP Urja may sustain due to such failure MP Urja shall have a right to recover any loss or damage, if any, from any sum payable to the Company. Further, if recovery is not possible from the Company on account of the Company's failure to pay the losses or damages within one month from the claim, the recovery shall be made under Madhya Pradesh Public Demand Recovery Act or any other law applicable under these circumstances.

The Company is contesting the aforesaid claims citing logistical issues, delay in handing over the sites and delays in issuing site completion reports by MP Urja and has requested to recall the notice for cancellation of work orders and has further requested to allow the Company to complete the pending work allocated. The response of MP Urja is still waited. As a consequence, the impact of the loss or damage due to the action that MP Urja may take and the outcome of the final notice issued, that may include forfeiture of EMD, adjusting the dues against any loss or damage and levy of penalty, in the light of the Company expressing its inability to complete the order within the stipulated time period, is uncertain and the same shall crystallise only on the conclusion of discussion and the actions that the authorities may take against the Company.

5 Prior period adjustments:

a. The results for the current quarter ended 30 September 2014 includes prior period interest on long term borrowings amounting to Rs. 314.23 lakhs pertaining to the year ended 31 March 2014 and Rs. 303.66 pertaining to the quarter ended 30 June 2014

b. The results for the quarter ended 30 June 2014 includes exchange loss recognised on restatement of foreign currency liability amounting to Rs. 69.60 lakhs pertaining to the year ended 31 March 2014.

c. The results for the quarter ended 30 September 2013 includes capitalisation of the exchange loss on the long term borrowings amounting to Rs. 424.83 lakhs. Out of the same, prior period exchange loss capitalised amounted to Rs. 310.91 lakhs, which pertained to quarter ended 30 June 2013 and Rs. 383.90 lakhs, which pertained to quarter

6 During the year ended 31 March 2012, the Company had sought for restructuring of its debt and the terms and conditions included provision for additional security from the promoters and pledge of their shares. In addition one of the Consortium banks had through its sanction letter dated 22 March 2012, requested for exclusive charge on additional 2.5 crores equity shares of the Company in connection with the structuring of short term loan given by the bank. During the quarter ended 31 December 2012, Greenlite Lighting Corporation, Canada (a promoter group company) entered into an agreement in lieu of the terms specified in the sanction letter for additional funding to the Company and pledged 2.5 crores equity shares held by it in the Company. During the current and previous quarters, the bank sold the pledged shares and the proceeds were utilised towards adjustment of the outstanding dues. The Company had however, omitted to include such pledged shares for disclosure under Part II of the results in accordance with Clause 35 of the Listing Agreement for all the quarters presented in the results from 31 December 2012 onwards. Accordingly, the effect of pledged shares has been taken in the shareholding pattern for all the quarter/ periods/ year disclosed in the results.

Particulars of Shareholding	**30.09.2013**	
	Restated	**Published**
Public shareholding		
- Number of shares	128,144,030	128,144,030
- Percentage of shareholding	38.24%	38.24%
Promoters and promoter group shareholding		
a) Pledged/ encumbered		
- Number of shares	161,885,495	136,885,495
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.21%	66.13%
- Percentage of shares (as a % of the total share capital of the company)	48.30%	40.84%
b) Non encumbered		
- Number of shares	45,114,502	70,114,502
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.79%	33.87%
- Percentage of shares (as a % of the total share capital of the company)	13.46%	20.92%

7 Pursuant to Companies Act, 2013 ('the Act') being effective from 01 April 2014, the Company has revised depreciation rates on certain fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act or as per the management's estimate based on preliminary internal/ external evaluation. As a result of this change, the depreciation charge for the quarter and six months ended 30 September 2014 is higher by Rs. 51.28 lakhs and Rs. 122.21 lakhs respectively. In respect of the assets whose useful life is already exhausted as on 01 April 2014, depreciation of Rs. 45.92 lakhs (net of tax impact of Rs. Nil) has been adjusted in Reserves and Surplus in accordance with the requirements of Schedule II of the Act. The Company is in the process of undertaking a detailed technical evaluation of useful life of its plant and machinery. Any adjustment on account of the same shall be considered in the following quarter.

8 The Company has incurred expenses in foreign currency (including amortisation of imported machinery) amounting to Rs. 110,612.95 lakhs till 30 September 2014. 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 positive Net Foreign Exchange within ten years from the commencement of its operation. At current quarter end (i.e. after five years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 25,590.38 lakhs (previous quarter Rs. 27,163.48). As explained in Note 3 above, the ability of the Company to meet its export obligations over the next 5 years is dependent on various factors which have created multiple uncertainties, the effect of which , is not ascertainable at present.

9 One of the consortium lender banks of the Company has given the credit of Rs. 7.95 lakhs during the current quarter, Rs. 288.77 lakhs during the quarter ended 30 June 2014 and Rs. 223.83 lakhs during the year ended 31 March 2014 in the loan account of the Company with the realisations on sale of shares pledged by Greenlite Lighting Corporation, Canada (a promoter group company). The Company has recorded the same as interest free unsecured loan from Greenlite Lighting Corporation, Canada.

10 During the previous year, the Company had received a show cause notice from the Office of the Commissioner, Customs, Central Excise & Service Tax Commissionerate ('Authority), Noida, whereby the authority has asked the Company to explain why custom duty of Rs. 9,430.19 lakhs along with interest and penalty thereon should not be levied on the Company in respect of import of duty free capital goods, as the Company could not install the machinery within the stipulated time period. The Company filed a reply with the authority citing the delays in installation primarily due to financial constraint arising out of the downturn in the solar industry. Response of the department on the same is still awaited.

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

12 IPO proceeds amounting to Rs.15,580.55 lakhs is paid for acquisition of machineries for Line C, Rs.14,386.21 lakhs have been utilised towards repayment of loans from banks/ use for the operations of the Company, Rs. 2,375.00 lakhs has been utilised towards repayment of long term borrowings obtained for acquisition of machineries for Line C and Rs. 3,358.24 lakhs has been used for meeting IPO expenses. The balance of the IPO proceeds amounts to Rs. Nil

13 During the current quarter, the Company has entered into two contracts with one of its customers for purchase of raw material (wafers) and supply of solar cells, wherein supplies are to made after conversion of the raw material supplied by the customer resulting in a fixed net margin. The contract stipulates that the Company shall purchase raw material in quantities as mutually agreed in the contract and the payment in respect of the same shall be adjusted from the subsequent supplies of solar cells. Further, as per terms of the contracts, the Company has the primary responsibility for providing the goods or services to the customer or for fulfilling the order. Further significant risk and rewards of ownership in respect of the materials are being transferred to the respective parties under respective contracts. Accordingly, the Company has recorded the transactions at gross amount as purchase of raw material and sale of product as it believes that the both the purchase and sale arrangements are on a Principal to Principal basis.

14 The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 14 November 2014. The statutory auditors of the Company carried out the limited review of the financial results for the quarter and six months ended 30 September 2014 and have modified the report in relation to the following matters: Material uncertainties primarily relating to the second Corporate Debt Restructuring Package pending approval by the consortium of banks; future pricing of cells in the domestic market; order quantities placed on the Company; and uncertainty over the outcome of the claims and counterclaims in relation to MP order as well as other litigations resulting in a qualified opinion. The same has been filed with the stock exchange and is available on the website of the Company.

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

Date: 14 November 2014
Place: New Delhi

Managing Director