



8th Annual Report 2012-13

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. Arun Kumar Gupta	Non-Executive Independent Director
Mr. Gautam Singh Kuthari	Non-Executive Independent Director
Mr. Gurbaksh Singh Vohra	Non-Executive Independent Director

STATUTORY AUDITORS

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

REGISTERED OFFICE

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

COST AUDITORS

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

CORPORATE OFFICE CUM FACTORY

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

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
44, Community Centre, 2nd Floor, Naraina Industrial Area,
Phase-I, Near PVR Naraina, 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

S.NO.	CONTENTS	PAGE NO.
1.	Notice of Annual General Meeting	1-2
2.	Directors' Report	3-19
3.	Auditors' Report	20-23
4.	Balance Sheet	24
5.	Statement of Profit & Loss	25
6.	Cash Flow Statement	26-27
7.	Notes to the Financial Statements	28-52

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 8TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF INDOSOLAR LIMITED WILL BE HELD ON MONDAY, THE 30TH DAY OF SEPTEMBER 2013 AT 10.00 A.M. AT SURYA GARDEN, PALLA BAKHTAWARPUR ROAD, VILLAGE-ALIPUR, DELHI - 110 036 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss for the year ended on 31st March 2013 together with Notes, Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhushan Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hulas Rahul Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s B S R & Co., Chartered Accountants, Gurgaon as Statutory Auditors of the Company to hold the office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration, in place of existing Statutory Auditors M/s B S R and Associates, Chartered Accountants, Gurgaon, whose term will expire on the conclusion of this Annual General Meeting and who have expressed their unwillingness for re-appointment in Annual General Meeting.

By Order of the Board of Directors
For INDOSOLAR LIMITED

Place : New Delhi
Date : 13.08.2013

A.K. AGARWAL
(Whole Time Director)

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 Monday, 23rd September 2013 till Monday, 30th September 2013 (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 measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings through their depository participants. Members who hold shares in physical form are requested to intimate their e-mail addresses to the Company at its dedicated e-mail ID, i.e. investors@indosolar.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. Bhushan Kumar Gupta, aged about 77 years is a Canadian national and holds a Canadian passport. He is an entrepreneur. He has wide experience in various industries, including lamp manufacturing industry. He has also promoted Halonix Limited, where he acted as its Managing Director and Chairman.

Mr. Bhushan Kumar Gupta is an Executive Chairman on the Board of the Company. He is the Chairman of the Sub-Committee of the Board of Directors of the Company. He is not a Director in any other Company. He is holding 5,65,00,001 equity shares in the Company as on 31st March 2013.

Mr. Hulas Rahul Gupta, aged about 54 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. He was instrumental in the phenomenal growth of his previous venture Halonix Limited as its Managing Director.

Mr. Hulas Rahul Gupta is the Managing Director on the Board of the Company. He is the member of the Investors' Grievance Committee, Share Transfer Committee and Sub-Committee of Board of Directors of the Company. He is not a Director in any other Company. He is holding 8,03,85,494 equity shares in the Company as on 31st March 2013.

9. Change of Statutory Auditors

The existing statutory auditors of Company M/s B S R and Associates, Chartered Accountants whose term will expire on the conclusion of this Annual General Meeting have expressed their unwillingness for re-appointment in Annual General Meeting. Further, the Company has received a letter from M/s B S R & Co., Chartered Accountants expressing their willingness for appointment as statutory auditors and simultaneously their eligibility certificate pursuant to section 224(1B) of the Companies Act, 1956 that the appointment, if made, will be within the limits.

The Board recommends the same to be passed by way of an ordinary resolution.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighth Annual Report on business and operations of the Company for the year ended 31st March 2013.

1. FINANCIAL RESULTS

(Rs. in Crores)

PARTICULARS	YEAR ENDED 31ST MARCH 2013	YEAR ENDED 31ST MARCH 2012
TOTAL INCOME	55.81	97.19
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION AND TAX	(25.55)	(108.89)
INTEREST	59.24	59.25
CASH PROFIT / (LOSS)	(84.79)	(168.14)
DEPRECIATION	39.10	34.22
PROFIT / (LOSS) BEFORE TAX	(123.89)	(202.36)
PROFIT / (LOSS) AFTER TAX	(123.89)	(202.36)
PROFIT / (LOSS) BROUGHT FORWARD	(340.05)	(137.69)
PROFIT / (LOSS) TO BE CARRIED FORWARD TO BALANCE SHEET	(463.94)	(340.05)

2. PERFORMANCE REVIEW

During the year under review, performance of the Company continued to be severely impacted due to further downturn in SPV Cell industry. Added to this, large scale dumping at cheap prices of PV Cells from select countries further worsened the performance of the Company. The plant remained closed for significant part of the year due to considerable fall in selling prices. Lower sales realization as well as underutilization of capacity resulted in heavy cash losses. The liquidity had dried-up and the Company is not in a position to service its debt till revival of the market. In view of the same, the Company is planning to approach its bankers for second corporate debt restructuring.

During the year under review, your Company reported total income of Rs. 55.81 Crores as against Rs. 97.19 Crores last year. After making a provision of Rs. 59.24 Crores towards interest and Rs. 39.10 Crores towards depreciation, the current financial year closed with a loss of Rs. 123.89 Crores as against loss of Rs. 202.36 Crores last year.

3. STATUS OF IMPLEMENTATION OF 200 MW PROJECT

The Company was in the process of setting-up 200 MW solar cell manufacturing line financed through a mix of debt and equity as appraised by the Banks and approved by the CDR cell. CDR cell had considered setting-up of 200 MW line as an integral component for success of the Company and approved additional CAPEX of Rs. 100 Crores for completing the expansion over and above Rs. 47 Crores already sanctioned by Union Bank of India.

The 200 MW solar cell manufacturing line has arrived at the factory and some of other auxiliary equipments have also been ordered. However, inspite of sanction of additional CAPEX for the project, some Banks have not released funds and the installation of the line has stopped due to this reason. The Company is also planning to raise the issue of balance funding with the CDR cell in its proposed second corporate debt restructuring.

4. DIVIDEND

Due to non availability of profit, your Directors do not recommend any dividend for the year ended 31st March 2013.

5. PAYMENT OF ANNUAL LISTING FEES

Annual listing fee for financial year 2013-2014 has been paid to National Stock Exchange of India Limited and BSE Limited.

6. RE-CLASSIFICATION OF AUTHORIZED SHARE CAPITAL

During the year, the Company has re-classified its authorized share capital from Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores) divided into 50,00,00,000 (Fifty Crores) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores) divided into 40,00,00,000 (Forty Crores) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,00,00,000 (Ten Crores) Preference Shares of Rs. 10/- (Rupees Ten) each.

7. ALLOTMENT OF PREFERENCE SHARES

During the year, the Company has issued and allotted 95,00,000 (Ninety Five Lacs) zero coupon redeemable non-convertible non-cumulative preference shares of Rs. 10/- (Rupees Ten) each fully paid-up.

8. EROSION OF NET WORTH

As per audited financial accounts of the Company for the year ended 31st March 2012 adopted by the shareholders at their 7th annual general meeting held on 29th September 2012, the accumulated losses of the Company stood at Rs. 340.05 Crores, which was more than 50% of peak net worth of the Company in the immediately preceding four financial years. Pursuant to provisions of section 23 of Sick Industrial Companies (Special Provisions) Act, 1985, the Company duly convened and held an extra-ordinary general meeting for considering such erosion and reported the fact of such erosion to Board for Industrial and Financial Reconstruction.

9. DIRECTORS

Mr. Bhushan Kumar Gupta, the Chairman and Mr. Hulas Rahul Gupta, the Managing 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.

10. STATUTORY AUDITORS

The existing statutory auditors of Company M/s B S R and Associates, Chartered Accountants whose term will expire on the conclusion of this Annual General Meeting have expressed their unwillingness for re-appointment in Annual General Meeting. Further, the Company has received a letter from M/s B S R & Co., Chartered Accountants expressing their willingness for appointment as statutory auditors and simultaneously their eligibility certificate pursuant to section 224(1B) of the Companies Act, 1956 that the appointment, if made, will be within the limits.

The Board of Directors recommends their appointment for your approval by way of an ordinary resolution.

11. STATUTORY AUDITORS' REPORT

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

- (i) As regards consideration of demurrage and detention charges as cost of acquisition of asset mentioned in para 4 (i) of the Auditors' Report, it is submitted that demurrage and detention charges are mainly in the nature of rental and storage expenses as machineries could not be stored in our premises due to non-completion of construction work and accordingly considered as a part of cost of acquisition of the assets and capitalized under Capital Work-in-Progress. The Management has also sought an opinion from the Institute of Chartered Accountants of India for the same and their reply is still awaited. Pending receipt of the reply from ICAI, the Management is treating these demurrage and detention and storage charges as capital expenditure pending allocation.
- (ii) As regards inability of the Company to carry on as a going concern mentioned in para 4 (ii) of the Auditors' Report, it is submitted that the Company was not in a position to carry out the production on continuous basis due to cost of production being higher than the market price. The Company has represented to the government for anti-dumping duty on imports and also applied for local content requirements in the government projects and certain other incentives for revival of the industry which are still awaited, thus creating uncertain conditions. As such the auditors were unable to conclude on the ability of the Company to carry on as a going concern.
- (iii) As regards inability of the auditors to express an opinion on financial statements and obtain all information and explanations mentioned in para 5, 6 (2) (a) and 6 (2) (d) of the Auditors' Report, it is submitted that the auditors have not expressed any opinion on the financial results due to their inability to collect audit evidence to provide a basis for an audit opinion on account of multiple uncertainties created by external and internal factors like consideration of 2nd Corporate Debt Restructuring proposal of the Company to the banks, key policy initiatives of the government relating to anti-dumping duty, local content requirement, etc.
- (iv) As regards internal audit system mentioned in para (vii) of the Annexure to the Auditors' Report, it is submitted that the operation of the Company remained closed for a significant part of the year and as such, there was no need to enlarge the scope of internal audit work and coverage of internal audit. However, the internal audit system would be enlarged once the Company restarts its operations.
- (v) As regards delay in payment of statutory dues mentioned in para (ix) (a) of the Annexure to the Auditors' Report, it is submitted that the same was due to adverse financial condition of the Company as well as non-realization of its dues in time. However, the same were paid alongwith interest and rectified before 31st March 2013.
- (vi) As regards accumulated losses becoming more than fifty percent of net worth and cash losses mentioned in para (x) of the Annexure to the Auditors' Report, it is submitted that during the year under review, performance of the Company continued to be severely impacted due to further downturn in SPV Cell market pricing structure due to dumping from China in international and domestic markets at lower prices. The plant remained closed for significant part of the year due to considerable fall in selling prices. Lower sales realization as well as underutilization of capacity resulted in heavy cash losses. The fact of erosion of net worth by more than fifty percent has been reported to the Board for Industrial and Financial Reconstruction.

- (vii) As regards funds raised on short term basis used for long term investment mentioned in para (xvii) of the Annexure to the Auditors' Report, it is submitted that out of total loss of Rs. 123.89 Crores incurred during the year, loss of Rs. 48.43 Crores was financed out of short term funds as there were no alternate funds with the Company.

12. COST AUDITORS

The Company has appointed M/s Kabra & Associates, Cost Accountants to conduct audit of cost accounting records being maintained by the Company for the manufacture of solar cells for the financial year ending 31st March 2014. The Company has filed cost compliance report for the financial year ending 31st March 2012 on 21st December 2012. The Company will file cost audit report for the financial year ending 31st March 2013 within stipulated time period.

13. DEPOSITS

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

14. 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.

15. 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.

16. CORPORATE GOVERNANCE REPORT

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

17. 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, 2013, 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, 2013 on a going concern basis.

18. ACKNOWLEDGEMENTS

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

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

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

On behalf of the Board of Directors
For INDOSOLAR LIMITED

Place : New Delhi
Date : 13.08.2013

H.R. GUPTA
(Managing Director)

A.K. AGARWAL
(Whole Time Director)

ANNEXURE – I

Information under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2013:

Sr. No.	Name	Designation	Remuneration (Amt. in Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Last Employment before joining the Company	% of Equity Share Capital held
(A) Employed throughout the year and were in receipt of remuneration of not less than Rs. 60,00,000 per annum									
1.	Mr. S. Venkataramani	Chief Executive Officer	75,00,000	Graduate in Mechanical Engineering	42	27.12.2010	65	Philips Electronics India Limited	NIL
(B) Employed for part of the year and were in receipt of remuneration aggregating to not less than Rs. 5,00,000 per month									
NIL									

NOTES:

1. Remuneration shown above is subject to tax and comprises salary, allowances, incentive and monetary 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 employee is to look after all the day to day working of the Company and all other work as per direction of the Board of Directors of the Company.

ANNEXURE – II

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	<ul style="list-style-type: none"> • Development of 3 bus bar solar cells • Process development employing high conductivity front and back side pastes • Optimization of silicon nitride anti-reflection coating • Optimization of diffusion process
2. Benefits derived as a result of the above R & D	<ul style="list-style-type: none"> • Increase in cell efficiency by 0.2% absolute • Reduction in cost of conversion
3. Future plan of action	<ul style="list-style-type: none"> • The Company will take R & D activities in selective emitter technology to improve quality and reduce cost by increasing the solar cell efficiency. • The Company also plans to introduce new phosphorous oxy chloride (POCL₃) based diffusion
4. Expenditure on R & D (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	Included in the manufacturing cost.

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	Company has worked to develop process for new silicon wafer namely mono like multi-crystalline
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	<ul style="list-style-type: none"> • 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) (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 (B) (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 (a) Selective Emitter Technology (b) 2012 (c) No (d) Under installation and commissioning

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

: Your Company is a 100% Export Oriented Company.

FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Crores)

Particulars	For Year 2012-13	For year 2011-12
Foreign Exchange Earning	26.41	71.74
Foreign Exchange Outgo	69.04	34.46

MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry Structure and Developments

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

However, due to global economic downturn, many countries reduced subsidy support to control their fiscal deficit. This resulted in lower off take for solar products globally leading to reduced demand. The macro-economic problems in EU countries and consequent cuts in Solar Subsidies imposed by governments of European countries have affected sales realizations. Countries with large installed capacities continue to dump PV Cells at below cost unrealistic prices. The entire global photovoltaic industry is reeling under losses.

Opportunities and Threats

Opportunities

- (a) Our strong brand positioning and state of the art manufacturing capabilities help us to leverage our position in domestic market in view of the mandatory use of domestic content under Jawaharlal Nehru National Solar Mission.
- (b) India is well suited for solar power generation with abundant sunshine in large parts of the country round the year.

Threats

- (a) Substantial decline in price of Solar Photovoltaic Cells and erosion in demand.
- (b) Big players in India like Reliance, TATA and others who have a capability to install GW projects.
- (c) Non-utilization of our available manufacturing capacity.
- (d) Non-availability of full or part of any financial incentives which we have applied for.
- (e) Delays and cost overruns in expansion of our manufacturing facilities as a result of factors beyond our control.
- (f) Reduction in, or elimination of, subsidies and economic incentives for on-grid solar energy applications.
- (g) The solar industry is dominated by European countries and any downturn in these markets cause impact on the industry growth.
- (h) The solar market is growing and competition is resulting decline in market share and margins.
- (i) 60% raw material cost is silicon wafer and its manufacturing is dominated by large / limited players.
- (j) Continued dumping of PV Cells at cheap prices.

Future Outlook

The Indian solar energy sector has been growing constantly and is projected to grow further in future due to Government's initiatives such as tax exemptions and subsidies. Also with huge decline in the cost of solar power it has become more competitive than diesel. The Indian solar energy industry exhibits huge potential to become one of the top producers of solar energy in the world in coming years. The sector is now receiving continuous support from both central and state governments.

Risks and Concerns

Due to industry downturn and resultant fall in demand, the capacities of the Company are underutilized. The plant remained closed for significant part of the year due to considerable fall in selling prices. Despite low capacity utilization and production, the Company has to incur fixed costs. Though, the Company is hopeful of early revival still the future of industry is unpredictable.

Internal Control Systems and its Adequacy

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

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

Financial Performance viz-a-viz Operational Performance

During the year under review, the Company's Net Sales were Rs. 53.12 Crores as against Rs. 81.34 Crores last year. EBITDA was Rs. (-) 25.55 Crores as against Rs. (-) 108.89 Crores last year. The Company produced photovoltaic solar cells of 28.075 MWp as against 18.685 MWp last year.

Human Resource

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

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

Cautionary Statement

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

ANNEXURE – IV

CORPORATE GOVERNANCE REPORT AS ON 31ST MARCH 2013

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Management of your Company commit themselves to:

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

2. BOARD OF DIRECTORS

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

(A) Composition of Board

The Company has a balanced mix of executive and non-executive independent directors. The Board presently consists of six directors as on 31st March 2013 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 did not have any material pecuniary relationship or transaction with the Company during the year ended 31st March 2013. 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 2012-13, five meetings of the Board of Directors were held on 30th May 2012, 11th August 2012, 29th September 2012, 12th November 2012 and 13th February 2013.

The seventh Annual General Meeting of your Company was held on 29th September 2012.

The names and categories of directors on the Board, their attendance record, number of directorships and committee positions as on 31st March 2013 are noted below:

Name of the director	Category	Attendance at meetings during 2012-2013		Total no. of directorships including this company as on 31st March 2013	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 5)	7 th AGM on 29 th Sep. 2012		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	3	No	1	Nil	Nil	Nil	1
Mr. Hulas Rahul Gupta	Managing Director-Promoter	5	Yes	1	1	2	Nil	Nil
Mr. Anand Kumar Agarwal	Whole Time Director	5	Yes	1	1	1	Nil	Nil
Mr. Gautam Singh Kuthari	Non-Executive Independent Director	4	No	1	1	1	1	1
Mr. Arun Kumar Gupta	Non-Executive Independent Director	3	Yes	4	1	1	3	Nil
Mr. Gurbaksh Singh Vohra	Non-Executive Independent Director	5	No	1	1	Nil	Nil	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 2013. The declaration from the Managing Director stating that as of 31st March 2013, all the board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company has been included in this report.

3. AUDIT COMMITTEE**(A) Terms of Reference**

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board of Directors, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board of Directors for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board of Directors' report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 5A. Reviewing, with the management, the statement of uses/applications of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussion with internal auditors any significant findings and follow up there on;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing;
- 12A. Approval of the appointment of CFO (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(B) Composition, Meetings and Attendance

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

During the financial year 2012-13, the Audit Committee met four times on 30th May 2012, 11th August 2012, 12th November 2012 and 13th February 2013 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. Arun Kumar Gupta	Chairman	3
Mr. Gautam Singh Kuthari	Member	4
Mr. Gurbaksh Singh Vohra	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 2012-13, the Investors' Grievance Committee met four times on 30th May 2012, 11th August 2012, 12th November 2012 and 13th February 2013 and necessary quorum was present at all meetings. The attendance of the members is noted below:

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

5. REMUNERATION COMMITTEE

(A) Terms of Reference

The terms of reference includes the following:

- (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 2012-13, the Remuneration Committee met one time on 11th August 2012 and necessary quorum was present at the meeting. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gurbaksh Singh Vohra	Chairman	1
Mr. Arun Kumar Gupta	Member	1
Mr. Gautam Singh Kuthari	Member	1

(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 non-executive directors did not have any material pecuniary relationship or transaction with the Company during the year ended 31st March 2013. The details of remuneration paid to the directors during financial year 2012-13 are given below:

(a) Executive Directors:

Name of the Executive Director	Designation	Salary & other Allowances (Rs.)	Contribution to Provident Fund (Rs.)	Experience (in years)	Date of Commencement of Employment
Mr. Bhushan Kumar Gupta	Chairman	48,00,000	6,53,280	53	01.07.2008
Mr. Hulas Rahul Gupta	Managing Director	48,00,000	6,53,280	24	01.07.2008
Mr. Anand Kumar Agarwal	Whole Time Director	38,40,000	3,26,640	39	01.07.2008

(b) Non-Executive Directors:

The non-executive directors are not paid any remuneration. The Company does not have any material pecuniary relationship or transaction with its non-executive directors. The details are given below:

Name of the non-executive director	Sitting fees (Rs.)	Shareholding in the Company
Mr. Arun Kumar Gupta	NIL	NIL
Mr. Gautam Singh Kuthari	NIL	NIL
Mr. Gurbaksh Singh Vohra	NIL	1

6. SHARE TRANSFER COMMITTEE
(A) Terms of Reference

The terms of reference includes the following:

- To approve the request for transfer, transmission, etc. of shares;
- To approve the dematerialization and re-materialization of shares;
- To consider and approve, split, consolidation and issuance of duplicate shares; and
- 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 2012-13, the Share Transfer Committee met one time on 30th June 2012. 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

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

The terms of reference includes the following:

- (i) To accept the terms and conditions of sanction of financial assistance from the 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 2012-13, the Sub-Committee met one time on 25th June 2012. The attendance of the members is noted below:

Name of the member	Chairman / Member	No. of meetings attended
Mr. Bhushan Kumar Gupta	Chairman	Nil
Mr. Hulas Rahul Gupta	Member	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
2009-2010	5 th	C-12, Friends Colony (East), New Delhi-110 065	Monday, 31 st May, 2010	10.00 AM	YES
2010-2011	6 th	Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi-110 036	Tuesday, 30 th August, 2011	9.00 AM	NO
2011-2012	7 th	Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi-110 036	Saturday, 29 th September, 2012	10.00 AM	YES

An Extra Ordinary General Meeting of the Company was held on 21st November 2012.

Details of Resolutions passed by way of Postal Ballot

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

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

9. DISCLOSURES**(a) Subsidiary Companies**

The Company does not have any subsidiary as on 31st March 2013.

(b) Disclosure on Materially Significant Related Party Transactions

There were no materially significant related party transactions during the financial year 2012-13, that may have potential conflict with the interest of the Company at large. The details of the related party transactions as per Accounting Standard-18 form part of Notes to Accounts.

(c) Disclosure of Accounting Treatment

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

(d) Proceeds from Public Issue

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

(e) Management Discussion and Analysis Report

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

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

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

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

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

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

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

(i) Whistle Blower Policy

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

(j) Means of Communication

i. Quarterly / Annual Results

The quarterly/annual results and notices as required under Clause 41 of Listing Agreement are published in the Financial Express in English language and Jansatta 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 has opened a separate demat suspense account named as "INDOSOLAR LIMITED UNCLAIMED SUSPENSE ACCOUNT" and credited the shares of the Company which are remaining unclaimed by the shareholders allotted pursuant to the Initial Public Offering (IPO).

The details of such unclaimed shares as on 31st March 2013 are set out below:

Particulars	No. of Cases	No. of Shares of Rs. 10 each
Aggregate number of shareholders and outstanding shares in the suspense account lying on 1 st April 2012	06	5,296
Number of shareholders who approached to the Company /registrar for transfer of shares from suspense account upto 31 st March 2013	01	1,911
Number of shareholders to whom shares were transferred from suspense account upto 31 st March 2013	01	1,911
Aggregate number of shareholders and outstanding shares in the suspense account lying at the end of the year, i.e. as on 31 st March 2013	05	3,385
The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

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

10. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Day and date

Time

Venue

: 8th Annual General Meeting

: Monday, the 30th September 2013

: 10.00 a.m.

: Surya Garden, Palla Bakhtawarpur Road,
Village-Alipur, Delhi-36

(b) Financial Calendar for 2013-2014 (tentative schedule)

Financial year	: April 1 to March 31
Board meetings for approval of quarterly results	
1 st quarter ended on 30 th June 2013	: on or before 14 th August 2013
2 nd quarter ended on 30 th September 2013	: on or before 14 th November 2013
3 rd quarter ended on 31 st December 2013	: on or before 14 th February 2014
Annual results for financial year ended 31 st March 2014 (audited)	: on or before 30 th May 2014

(c) Book closure date

: Monday, 23rd day of September 2013 to
Monday, 30th day of September 2013
(both days inclusive)

(d) Dividend payment date

: Not applicable

(e) Listing on stock exchanges

: The equity shares of the Company are listed on the following stock exchanges in India:

i. National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra-Kurla Complex,
Mumbai-400050

ii. BSE Limited (BSE)

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

(f) Stock code for equity shares

National Stock Exchange of India Limited (NSE)	: INDOSOLAR
Bombay Stock Exchange Limited (BSE)	: 533257
ISIN	: INE866K01015

(g) CIN

: L18101DL2005PLC134879

(h) Market price data

- i. Monthly high, low quotations and trading volumes of the Company's equity shares during the financial year 2012-13 at NSE and BSE are noted below:
(Face value of Rs. 10 each)

Stock Exchange	NSE			BSE		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
Apr. 2012	5.35	4.35	29,50,134	5.20	4.30	15,38,225
May 2012	4.75	3.60	38,54,081	4.80	3.20	20,44,930
June 2012	4.30	3.60	23,45,047	4.25	3.60	9,72,751
July 2012	5.65	4.10	73,39,247	5.63	4.14	38,28,973
Aug. 2012	4.90	3.35	17,35,911	4.89	3.40	14,21,549
Sep. 2012	5.55	3.55	37,77,534	5.63	3.50	19,86,354
Oct. 2012	4.85	3.80	22,56,902	4.85	3.90	12,45,246
Nov. 2012	5.10	3.80	41,65,540	5.10	3.81	16,66,124
Dec. 2012	5.10	4.00	26,78,641	5.35	4.05	22,07,059
Jan. 2013	4.60	3.30	34,81,392	4.50	3.55	17,46,640
Feb. 2013	4.60	3.20	31,46,988	4.58	3.52	16,52,251
Mar. 2013	3.80	2.40	24,98,484	3.90	2.45	12,94,626

ii. Market capitalization:

Market capitalization	NSE	BSE
As on 31 st March 2013 (Rs.)	85,46,17,269	85,79,68,709

iii. Performance in comparison to BSE Sensex:

Month	BSE Sensex		Indosolar Limited	
	High	Low	High (Rs.)	Low (Rs.)
Apr. 2012	17,664.10	17,010.16	5.20	4.30
May 2012	17,432.33	15,809.71	4.80	3.20
June 2012	17,448.48	15,748.98	4.25	3.60
July 2012	17,631.19	16,598.48	5.63	4.14
Aug. 2012	17,972.54	17,026.97	4.89	3.40
Sep. 2012	18,869.94	17,250.80	5.63	3.50
Oct. 2012	19,137.29	18,393.42	4.85	3.90
Nov. 2012	19,372.70	18,255.69	5.10	3.81
Dec. 2012	19,612.18	19,149.03	5.35	4.05
Jan. 2013	20,203.66	19,508.93	4.50	3.55
Feb. 2013	19,966.69	18,793.97	4.58	3.52
Mar. 2013	19,754.66	18,568.43	3.90	2.45

(i) Registrar and share transfer agents

Link Intime India Private Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, 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

Shares lodged for transfer at the Registrar's address are normally processed and approved by Share Transfer Committee on a fortnight basis, provided the documents are complete in all respects. All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 15 days. Grievances and other miscellaneous correspondence on change of address, mandates etc. received from Members, are processed by the Registrar and Company within 30 days.

Pursuant to Clause 47 (c) of the Listing Agreement, the Company obtains certificate from a practicing Company Secretary on half-yearly basis to the effect that all transfers are completed in the statutorily stipulated time period. A copy of the certificate, so received, is submitted to both Stock Exchanges where the shares of the Company are listed.

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 2013 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	16,531	32.15	2,25,42,070	0.67
2,501-5,000	11,636	22.63	4,50,16,840	1.34
5,001-10,000	9,545	18.56	7,85,24,880	2.34
10,001-20,000	7,632	14.84	12,82,57,170	3.83
20,001-30,000	1,822	3.54	4,78,92,150	1.43
30,001-40,000	887	1.73	3,29,44,590	0.98
40,001-50,000	921	1.79	4,46,57,630	1.33
50,001-1,00,000	1,268	2.47	9,77,14,690	2.92
1,00,001 & above	1,176	2.29	2,85,38,90,250	85.16
TOTAL	51,418	100.00	3,35,14,40,270	100.00

(b) Shareholding pattern of the Company as on 31st March 2013 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
Financial Institutions/Banks	1,59,15,746	4.75
Foreign Institutional Investors	56,793	0.02
Bodies Corporate	1,72,33,350	5.14
Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,48,58,374	13.38
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4,02,14,157	12.00
Trusts	42,644	0.01
Foreign Nationals	4,000	0.00
Non-Resident Indians	16,90,679	0.50
Overseas Corporate Bodies	36,40,579	1.09
Clearing Members	1,34,869	0.04
Hindu Undivided Families	43,52,839	1.31
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 2013, 33,01,02,813 equity shares of Rs. 10/- each forming 98.50% of the share capital of the Company stands dematerialized. The entire equity shares of the Company are listed at NSE and BSE and thus are liquid.

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

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

(n) Plant locations

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

(o) Status of investors' complaints

The status of investors' complaints as on 31st March 2013 is as follows:

Number of complaints as on 1 st April 2012	Nil
Number of complaints received during the Financial Year 2012-13	7
Number of complaints resolved upto 31 st March 2013	7
Number of complaints pending as on 31 st March 2013	Nil

The complaints received were in the nature of non-receipt of annual report.

There were no pending requests for transfer of shares of the Company as on 31st March 2013.

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

Mr. Anand Kumar Agarwal, the Whole Time Director, 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: investors@indosolar.co.in

(q) Address for correspondence

Corporate Office

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: investors@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 2013 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
Date : 13.08.2013

H.R. GUPTA
(Managing Director)

A.K. AGARWAL
(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 2013, all board members and senior management personnel have affirmed compliance with Code of Conduct of the Company.

Place : New Delhi
Date : 13.08.2013

H.R. GUPTA
(Managing Director)

CERTIFICATE ON CORPORATE GOVERNANCE

INDOSOLAR LIMITED
C-12, FRIENDS COLONY (EAST)
NEW DELHI-110065

We have examined the compliance of conditions of Corporate Governance of INDOSOLAR LIMITED for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the condition of Corporate Governance as stipulated in above mentioned Clause of the Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. We further state that such compliances are neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **CHANDRASEKARAN ASSOCIATES**
Company Secretaries

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

Place : Delhi
Date : 13.08.2013

INDEPENDENT AUDITOR'S REPORT

To the Members of
Indosolar Limited

1. Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Indosolar Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

4. Basis for disclaimer of opinion

- (i) *Certain consignments relating to plant and machinery, imported in connection with the expansion of the manufacturing facility, had been lying at the bonded warehouse for a significant period of time until 31st March 2012. During the year, a substantial portion of such machinery was removed and demurrage/ detention charges was paid at the time of such removal amounting to Rs.1,365.93 lakhs and the same has been considered as part of the cost of acquisition of an asset and capitalised under capital work-in-progress accordingly, as at 31st March 2013. Management is of the view that such expenses are directly attributable to bringing the machinery to its current location and condition and should be capitalized.*

However, we are of the view that such charges should be treated as an expense and accordingly should not be capitalised as they cannot be considered as a cost that is directly attributable for getting the asset ready for its intended use in accordance with the requirements of AS 10 "Accounting for fixed assets". Had the Company accrued for such demurrage/ detention charges, other expense would have been higher by Rs.1,365.93 lakhs and the loss for the year ended 31st March 2013 would have been higher by the corresponding amount.

- (ii) *Attention is invited to note 28, which explains in detail the substantial erosion of net worth as at the balance sheet date because of which the reference required in case of erosion of more than 50% of peak net worth has been made to BIFR during the year and also explains the multiple uncertainties being faced by the company. The Company has been unable to utilise its capacity as the cost of production of solar cells continues to be higher than the prevailing market prices and the plant has remained shut for a significant part of the current year and for the other part of the year has been operational at significantly low levels of capacity utilization. Key policy decisions such as those relating to imposition of Anti Dumping Duty, Local Content requirement and Company's eligibility for certain incentives remain unresolved.*

The actual net cash inflows during the year ended 31st March 2013 are significantly lower than the projections for the same period incorporated in the first CDR package. Accordingly the cash flow projections approved as part of that CDR package can no longer be relied upon. Due to continued liquidity issues the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited.

Overall the short term liabilities exceed the short term assets by Rs. 7,125.31 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 2,281.89 lakhs, representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan together with quarterly interest thereon shall become payable in the year ending 31st March 2014.

The above factors create multiple uncertainties and we are unable to determine their possible effects on the financial statements. We are also unable to conclude on the ability of the Company to carry on as a going concern.

5. Disclaimer of opinion

Because of the significance of the matters described, specifically relating to the multiple uncertainties created due to factors such as response of banks to the application filed for a 2nd Corporate Debt Restructuring; key policy initiatives

of the government relating to anti dumping duty and local content requirement; we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

6. Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - (a) *as described in the Basis for Disclaimer of Opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;*
 - (b) 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;
 - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) *due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act; and*
 - (e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B S R and Associates

Chartered Accountants

Firm Registration No.: 128901 W

VIKRAM ADVANI

Partner

Membership No.: 091765

Place : New Delhi

Date : 29.05.2013

ANNEXURE REFERRED TO IN PARAGRAPH 6 OF THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDOSOLAR LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

- (i)
 - (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are physically verified by the management in a phased manner over a period of two years. In accordance with such phased programme, certain categories of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its fixed assets. As informed to us, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii)
 - (a) According to the information and explanations given to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Further, as informed, there are no stocks lying with third party.
 - (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) According to the information and explanations given to us, and on the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. As informed to us, the discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.

- (iii) (a) The Company had taken interest free loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956 in the year ended 31st March 2012. The maximum amount outstanding during the year in respect of such loan was Rs. 418.62 lakhs and the year-end balance of such loan is Rs. 418.62 lakhs.

In our opinion, the terms and conditions on which interest free loan was taken from such party are not, prima facie, prejudicial to the interest of the Company.

In the case of interest free loan taken from a party listed in the register maintained under Section 301, the Company is not permitted to repay the loan under the terms and condition of restructuring agreement approved by the CDR Cell, unless the same has been approved by CDR Cell. As informed by the management and according to the terms and conditions of restructuring agreement, the loan has accordingly not been repaid by the Company during the year.

- (b) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (f) to (g) of the Order are not applicable.
- (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 specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods. The activities of the Company do not involve rendering of services. We did not observe any major weakness in internal controls during the course of our audit.
- (v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding Rs. 5 lakhs with any party during the year.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) The Company has an internal audit system. *In our opinion, the scope of work and coverage of internal audit needs to be enlarged to make it commensurate with the size of the Company and the nature of its business.*
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by Central government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Wealth tax, Customs duty, Excise duty and other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities. *In respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax and Work Contract Tax, the deposits have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of 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, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues of Income-tax, Wealth-tax, Service tax, Sales-tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute except as mentioned below:

Name of the statute	Nature of the dues	Amount in Rupees*	Amount deposited	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs duty	9,223,204	8,690,510	2009-2011	Office of settlement commission
Central Excise Act, 1944	Excise duty	112,249,935	18,198,763	2009-2011	Office of settlement commission
Finance Act, 1994	Service tax	190,371,164	13,706,745	2009-2011	Office of settlement commission

*amount as per demand orders, including interest and penalty wherever quantified in the order.

- (x) *The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.*
- (xi) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the books of account and related records, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to financial institutions or debenture holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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) According to the information and explanations given to us, term loans have been applied for the purpose for which such loans were obtained.
- (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 the funds raised on short-term basis amounting to Rs. 4,843.11 lakhs have been used for long-term investments.*
- (xviii) The Company has not made any preferential allotment of shares to companies/firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified the end-use of money raised by public issues as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R and Associates

Chartered Accountants

Firm Registration No.: 128901 W

VIKRAM ADVANI

Partner

Membership No.: 091765

Place : New Delhi

Date : 29.05.2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	NOTE	As at 31st March, 2013	As at 31st March, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	2	34,464.40	33,514.40
(b) Reserves and surplus	3	(24,906.28)	(12,517.42)
		9,558.12	20,996.98
2 Non-current liabilities			
(a) Long-term borrowings	4 and 6	84,483.20	73,314.84
(b) Other long-term liabilities	7	5,633.05	5,535.56
(c) Long-term provisions	8	30.51	25.26
		90,146.76	78,875.66
3 Current liabilities			
(a) Short-term borrowings	5	4,416.08	2,956.97
(b) Trade payables	9	4,328.60	2,500.58
(c) Other current liabilities	10	5,751.06	3,289.08
(d) Short-term provisions	8	7.06	10.97
		14,502.80	8,757.60
TOTAL		114,207.68	108,630.24
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11(a)	52,176.34	56,081.86
(ii) Intangible assets	11(b)	3.78	6.19
(iii) Capital work-in-progress	11(c)	50,048.56	42,055.67
		102,228.68	98,143.72
(b) Deferred tax assets (net)	12	-	-
(c) Long-term loans and advances	13	1,509.54	1,068.58
(d) Other non-current assets	14	3,091.97	2,918.06
		4,601.51	3,986.64
2 Current assets			
(a) Current investments	15	-	9.65
(b) Inventories	16	4,045.17	3,210.60
(c) Trade receivables	17	1,783.10	1,081.87
(d) Cash and bank balances	18	294.65	1,046.91
(e) Short-term loans and advances	13	1,182.30	1,000.01
(f) Other current assets	14	72.27	150.84
		7,377.49	6,499.88
TOTAL		114,207.68	108,630.24
Significant accounting policies	1		

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

2 to 43

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm Registration No.128901W

VIKRAM ADVANI

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2013

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

H.R. GUPTA

Managing Director

DIN: 00297722

Place: New Delhi

Date: 29.05.2013

A.K. AGARWAL

Whole Time Director

DIN: 00155299

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	NOTE	Year ended 31st March, 2013	Year ended 31st March, 2012
1 Revenue from operations			
Sale of product (gross)	19	5,313.31	8,183.69
Less : Excise duty		1.76	49.43
Sale of product (net)		5,311.55	8,134.26
Other operating revenue	19	11.79	1,063.23
2 Other income	20	256.90	521.08
3 Total revenue		5,580.24	9,718.57
4 Expenses			
Cost of material consumed	21	5,690.88	8,611.61
Purchase of stock in trade	22A	146.37	–
Change in inventories of finished goods and work in progress	22	(1,087.01)	4,892.41
Employee benefits expenses	23	893.25	1,046.95
Other expenses	24	2,585.23	6,057.22
Total expenses		8,228.72	20,608.19
5 (Loss) before finance costs, depreciation /amortisation cost and exceptional items		(2,648.48)	(10,889.62)
6 Finance costs	25	5,924.42	5,925.09
7 Depreciation and amortisation expenses	26	3,909.78	3,421.76
8 (Loss) before exceptional items and tax		(12,482.68)	(20,236.47)
Exceptional item	6 (iii) (f)	93.82	–
(Loss) before tax		(12,388.86)	(20,236.47)
Tax expense		–	–
(Loss) for the year		(12,388.86)	(20,236.47)
(Loss) per equity share (par value Rs. 10 per share)	27		
- Basic		(3.70)	(6.04)
- Diluted		(3.70)	(6.04)
Significant accounting policies	1		

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

2 to 43

As per our report attached.

For **B S R and Associates**

Chartered Accountants

Firm Registration No.128901W

VIKRAM ADVANI

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2013

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

H.R. GUPTA

Managing Director

DIN: 00297722

Place: New Delhi

Date: 29.05.2013

A.K. AGARWAL

Whole Time Director

DIN: 00155299

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March, 2013	Year ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(12,388.86)	(20,236.47)
Adjustments for:		
Depreciation	3,909.78	3,421.76
Loss / (profit) on sale of fixed assets	0.35	(85.21)
Loss / (profit) on sale of investments	(0.35)	-
Interest expense	5,776.38	5,727.70
Interest income from fixed deposits (net)	(248.38)	(373.36)
Interest from investments	(0.18)	(51.46)
Interest on income tax refund	(7.99)	-
Excess provision no longer required written back	-	(5.41)
Provision for doubtful debts	-	105.31
Bad debts written off	-	494.89
Unrealised exchange (gain)/Loss (net)	69.58	(93.34)
Operating profit before working capital changes	2,889.67	(11,095.59)
Changes in operating assets and liabilities:		
Increase/(decrease) in provisions	1.34	(13.28)
Increase/(decrease) in trade payables	1,798.53	(755.46)
(Increase)/decrease in other current assets	104.96	(72.46)
(Increase)/decrease in trade receivables	(654.37)	4,481.00
(Increase)/decrease in inventories	(834.57)	6,776.08
(Increase)/decrease in loans and advances	(292.24)	103.81
Increase/(decrease) in other current liabilities	118.27	260.61
Cash generated from operations	(2,647.75)	(315.29)
Direct taxes paid/(received) (net of refund)	55.95	38.00
Net cash generated from operations	(2,591.80)	(353.29)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(7,874.98)	(25,310.24)
Proceeds from sale of fixed asset	1.02	115.53
Proceeds from fixed deposits on maturity	470.50	7,232.48
Amount invested in fixed deposit	(340.88)	(5,835.55)
Proceeds from sale of investments in money markets mutual fund	10.00	6,590.35
Interest received	62.96	228.19
Net cash used from investing activities	(7,671.38)	(16,979.24)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	Year ended 31st March, 2013	Year ended 31st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	950.00	-
Proceeds from loan taken	15,433.66	46,782.68
Repayment of loans	(911.17)	(22,957.65)
Interest paid	(5,817.25)	(5,757.00)
Payment towards ancillary cost	-	(104.66)
Net cash from financing activities	9,655.24	17,963.37
Net increase in cash and cash equivalents	(607.94)	630.84
Opening cash and cash equivalents	633.83	2.99
Add: Exchange loss/(gain) on foreign currency in hand	-	-
Closing cash and cash equivalents	25.89	633.83
Cash and cash equivalent comprises:		
Cash in hand	0.72	0.07
Balances with scheduled banks	25.17	437.38
Fixed deposits	-	196.38
	25.89	633.83

Notes:

- The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 – Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- Significant accounting policies and the accompanying notes form an integral part of the cash flow statement.

As per our report attached.

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

VIKRAM ADVANI
Partner
Membership No.091765
Place : New Delhi
Date : 29.05.2013

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

H.R. GUPTA
Managing Director
DIN: 00297722
Place: New Delhi
Date: 29.05.2013

A.K. AGARWAL
Whole Time Director
DIN: 00155299

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**(All amounts in Rupees lakhs, unless otherwise stated)****Corporate Information**

Indosolar Limited is the leading Indian manufacturer of solar photovoltaic cells. The Company's manufacturing facility is located at Greater Noida, Uttar Pradesh.

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

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

The Company has incurred significant losses in the year ended 31st March 2013 resulting in substantial erosion of its net worth because of which the reference required in case of erosion of more than 50% of peak net worth was made to BIFR on 22nd November 2012.

The Solar industry has witnessed turmoil owing to significant downturn in the global market due to structural over supply situation resulting in a significant reduction in prices of PV cells. As a result, the Company was unable to utilise its capacity as the cost of production of solar cells continued to be higher than the prevailing market prices and the plant has remained shut for a significant part of the current year and for the other part of the year has been operational at significantly low levels of capacity utilisation. Due to continuing pricing pressure the plant has been shut again in April 2013.

The management however believes that it is appropriate to prepare the financial statements on the going concern assumption and accordingly these financial statements do not include any adjustments that might result from the outcome of uncertainties more fully explained in Note 1 (ii) below.

ii. The Company has incurred significant losses in the year ended 31st March 2013 resulting in substantial erosion of its net worth because of which the reference required in case of erosion of more than 50% of peak net worth was made to BIFR on 22nd November 2012.

The Solar industry has witnessed turmoil owing to significant downturn in the global market due to structural over supply situation resulting in a significant reduction in prices of PV cells. As a result, the Company was unable to utilise its capacity as the cost of production of solar cells continued to be higher than the prevailing market prices and the plant has remained shut for a significant part of the current year and for the other part of the year has been operational at significantly low levels of capacity utilisation. Due to continuing pricing pressure the plant has been shut again in April 2013. Due to the prevailing conditions, the actual net cash inflows during the year ended 31st March 2013 are significantly lower than the projections for the same period incorporated in the first CDR package. Accordingly, the cash flow projections approved as part of the first CDR package are no longer reliable and future cash flows in the light of prevailing conditions is not determinable. Due to continued liquidity issues, the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited.

Results of key policy decisions necessary for the revival of the sector remain unknown at present. Some of these relate to: a) the imposition of Anti Dumping Duty per the application filed by Solar Manufacturers Association of India dated 18th January 2012; b) domestic content requirements for thin film technology; c) Incentivisation programme for solar projects; and d) eligibility of the Company for certain capital incentives.

As at the balance sheet date, the short term liabilities are exceeding the short term assets Rs. 7,125.31 lakhs. Also, as per the terms of Corporate Debt Restructuring package an amount of Rs. 2,281.89 lakhs representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan shall become payable in the year ending 31st March 2014. Further, there is a quarterly interest thereon which shall become payable from the beginning of the quarter ending 30th September 2013. The above factors create multiple uncertainties and the effect thereof on the financial statements, if any, is not ascertainable.

iii. Use of estimates

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

iv. Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The company's normal operating cycle is 12 months.

v. Revenue Recognition*Sale of goods*

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

Interest income

Interest income is recognised using the time proportionate method, based on the applicable interest rates.

vi. 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 the Statement of Profit and Loss at the point of purchase.

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

vii. 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 cost 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.

Exchange differences (favorable as well as unfavorable) arising in respect of transaction/settlement of long term foreign currency borrowing attributable to the acquisition of depreciable asset are also included in the cost of the asset.

Cost of assets not ready for use 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.

viii. 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 a 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.

ix. Impairment

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed 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, had no impairment loss been recognised.

x. Operating leases

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

xi. Foreign currency transactions

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

In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.

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

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

xii. 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.

xiii. 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.

xiv. Borrowing Costs

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

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

xv. Employee benefits

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

Short- term employee benefits:

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

Post employment benefits:

- Defined contribution plan

The Provident Fund Scheme is a defined contribution plan. The Company's contribution to defined contribution plans is recognised in the Statement of Profit and Loss in the financial year to which they relate.

- Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the year end using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

- Other long term employee benefit:

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. The Company accounts for the liability for compensated absences payable in future and long service awards based on an independent actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

xvi. Provisions and Contingencies

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

xvii. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and fixed deposits with banks with an original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

2. SHARE CAPITAL

Particulars	As at 31st March, 2013	As at 31st March, 2012
Authorised share capital		
400,000,000 (Previous year 500,000,000) equity shares of Rs. 10 each	40,000.00	50,000.00
100,000,000 (Previous year Nil) preference shares of Rs. 10 each	10,000.00	-
Issued, subscribed and paid up shares		
335,144,027 (Previous year 335,144,027) equity shares of Rs. 10 each	33,514.40	33,514.40
9,500,000 (Previous year Nil) preference shares of Rs. 10 each	950.00	-
Total	34,464.40	33,514.40

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

Equity Shares	As at 31st March, 2013		As at 31st March, 2012	
	Number ('000)	Amount	Number ('000)	Amount
At the beginning and at the end of the year	335,144.03	33,514.40	335,144.03	33,514.40
Preference shares				
At the beginning of the year	-	-	-	-
Add : Fresh issue of share	9,500.00	950.00	-	-
At the end of the year	9,500.00	950.00	-	-

b. Term and rights attached to shares:

Equity shares

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

Preference shares

During the year, the Company has issued zero coupon 9,500,000 non convertible, non cumulative redeemable preference shares having par value of Rs. 10 each. The preference shares are redeemable after seven years from the date of allotment or after full repayment of existing loans taken by the Company from its bankers, whichever is later. The Company may, as decided by the Board of directors of the Company, pay maximum 100% of face value as premium on redemption.

c. Particulars of shareholders holding more than 5%:

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number ('000)	% of Total Shares in the class	Number ('000)	% of Total Shares in the class
Equity shares of Rs. 10 each fully paid				
Bhushan Kumar Gupta (Chairman)	56,500.00	16.86%	56,500.00	16.86%
Hulas Rahul Gupta (Managing Director)	80,385.49	23.99%	80,385.49	23.99%
Greenlite Lighting Corporation	70,114.50	20.92%	70,114.50	20.92%
Preference shares of Rs. 10 each fully paid				
Golden Equity Private Limited	9,500.00	100.00%	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

d. Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding 31st March 2013:

- (i) 185,000 equity shares (in '000) of Rs. 10 each, fully paid and 15,000 equity shares (in '000) of Rs. 0.50 each partly paid were issued to the shareholders of erstwhile Indosolar Limited in the year ended 31st March 2009 in accordance with the scheme of amalgamation. Such partly paid equity shares were made fully paid prior to the effective date of scheme of amalgamation i.e. 24th September 2009.
- (ii) No shares have been bought back during the five-year period ended 31st March 2013 (31st March 2012).

3. RESERVES AND SURPLUS

Particulars	As at 31st March, 2013	As at 31st March, 2012
Securities premium account		
At the commencement of the year	21,487.58	21,487.58
Premium on issue of shares	—	—
Utilised during the year	—	—
Closing balance	21,487.58	21,487.58
(Loss) in the Statement of Profit and Loss		
At the commencement of the year	(34,005.00)	(13,768.53)
Add: (Loss) for the year	(12,388.86)	(20,236.47)
Net (loss) in the Statement of Profit and Loss	(46,393.86)	(34,005.00)
Total Reserves and surplus	(24,906.28)	(12,517.42)

4. LONG TERM BORROWINGS *

Particulars	Non-current portion		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Facility A - Term Loan (secured) #	33,445.83	34,485.82	1,034.41	—
Facility B - Priority Medium Term Loan (secured) #	9,748.91	2,200.00	—	—
Facility C - Working Capital Term Loan (secured) #	9,602.54	9,964.68	296.99	—
Facility D - Funded Interest Term Loan (secured) #	8,164.17	3,502.00	252.50	—
Term loan from Union Bank (secured)	712.59	64.09	22.04	—
Deferred Payment Liability (refer note 6(iii)(c)) (secured)	21,856.23	22,142.26	675.97	—
Vehicle loan (secured)	2.93	5.99	0.29	3.21
Loan from related party:				
Loan from shareholders (unsecured) {Refer to note 6(ii)}	950.00	950.00	—	—
	84,483.20	73,314.84	2,282.20	3.21
Total above amount includes				
Secured borrowings	83,533.20	72,364.84	2,282.20	3.21
Unsecured borrowings	950.00	950.00	—	—
	84,483.20	73,314.84	2,282.20	3.21
Less: Amount disclosed under "other current liabilities" (Refer note 10)	—	—	(2,282.20)	(3.21)
	84,483.20	73,314.84	—	—

* Refer note 6

Also refer note 6 (iii) (b)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

5. SHORT TERM BORROWINGS *

Particulars	As at 31st March, 2013	As at 31st March, 2012
Cash credit loans repayable on demand (secured)	2,204.92	2,432.62
Buyers credit (secured)	1,053.72	524.35
Bill discounted (secured)	1,157.44	–
	4,416.08	2,956.97
Total above amount includes		
Secured borrowings	4,416.08	2,956.97
Unsecured borrowings	–	–

* Refer note 6

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

Nature of Security

Terms of repayment and rate of interest

a) Facility A-Term Loans [Rs. 34,480.24 (previous year: Rs. 34,485.82)]

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

Repayment term:

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

Rate of interest:

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

b) Facility B - Priority Medium Term Loan [Rs. 9,748.91 (Previous year: Rs. 2,200.00)]

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

Repayment term:

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

Rate of interest:

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

c) Facility C - Working Capital Loan (WCTL) [Rs. 9,899.53 (Previous year: Rs. 9,964.68)]

The facility is secured as described in (a) above

Repayment term:

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

Rate of interest:

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

d) Facility D - Funded Interest Term Loan ('FITL') [Rs. 8,416.67 (Previous year: Rs. 3,502.00)]

The facility is secured as described in (a) above

Repayment term:

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

Rate of interest:

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

e) Term loan from Union Bank [Rs. 734.63 (Previous year: Rs. 64.09)]

The facility is secured as described in (a) above

Repayment term:

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

Rate of interest:

Interest shall be charged @ 11.00% p.a.

f) Deferred Payment Liability [Rs. 22,532.20 (Previous year: Rs. 22,142.26)]

The facility is secured as described in (a) above

Repayment term:

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

Rate of interest:

Interest shall be charged @ 11.00% p.a.

g) Vehicle loan [Rs. 3.22 (Previous year: Rs. 9.20)]

Vehicle loan is secured by the hypothecation of specific vehicle.

Repayment term:

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

h) Cash credit loan repayable on demand [Rs. 2,204.92 (Previous year: Rs. 2,432.62)]

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

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

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

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

Repayment term:

The loan is repayable on demand.

Rate of interest:

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

i) Buyer's credit [Rs. 1,053.72 (Previous year: Rs. 524.35)]

The facility is secured as described in (h) above

Repayment term:

The same is repayable in a period not exceeding 150 days from date of its origination.

Rate of interest:

Interest varies from 3.24% to 3.97% per annum

j) Bill discounted [Rs. 1,157.44 (Previous year: Nil)]

The facility is secured as described in (h) above

Repayment term:

The loan is repayable in a period not exceeding 120 days from date of its origination.

Rate of interest:

Interest varies from 4.74% to 14.94% per annum.

6 DEBT RESTRUCTURING IN THE YEAR ENDED 31ST MARCH 2012

i) Background

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

ii) Conditions that lead to restructuring

The Company witnessed significant downturn due to weak demand both globally as well as in the domestic market and incurred significant cash and operating losses in the previous year. There was a mismatch between cost and selling prices that resulted in the stoppage of plant from September 2011, which severely impacted the cash flow position of the Company prompting the filing of a restructuring package of its loans that existed as on 1st July 2011 with the Corporate Debt Restructuring Cell ('CDR Cell'). At the request of the Company and in consideration of its commitment to improve its operations, the application filed was referred to the Corporate Debt Restructuring Forum, a non-statutory voluntary mechanism set up under the aegis of the Reserve Bank of India (hereinafter referred to as the "CDR"). Pursuant thereto, the CDR Empowered Group at their meeting held on 30th January 2012 approved a restructuring package in terms of which the loans as of 1st July 2011 were restructured and certain additional financial assistance was proposed to be extended to the Company that was set out in the Letter of Approval dated 7th March 2012 issued by Corporate Debt Restructuring Cell to the Lenders and the Company (hereinafter referred to as the "CDR Package").

The terms and conditions of the CDR were binding on the Lenders and the Company, effective from the date of the signing of the Master Restructuring Agreement ('MRA') i.e. 28th March 2012 with each of the Lenders (except for Indian Bank). The Company had accordingly given effect to the CDR scheme w.e.f. from 1st July 2011, in the financial statements for the year ended 31st March 2012. However one of the banks of the consortium group i.e. Indian Bank had not agreed to the CDR package and had not signed the Master Restructuring Agreement (MRA). The MRA was signed by the concerned bank on 5th July 2012. In connection with obtaining the necessary approvals for restructuring of existing loans, the promoters contributed funds in accordance with sanction letter. As a consequence, the Company received an unsecured loan from its promoters amounting to Rs. 950.00.

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

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

In accordance with the CDR scheme the consortium of lenders had waived the obligation of the Company to pay any liquidated damages, default or penal interest / interest / further interest charged by the Lenders in excess of the concessional rates approved under CDR package.

b) Restructuring of the loans existed as at 1st July 2011:

- **Each of the Lenders and Company agreed that the loans shall be reconstituted as follows:**
- Rupee Term Loans of Rs. 34,485.82 together with all interest, charges, costs, expenses and any other amounts accrued was reconstituted into Facility -A;
- Short Term Loan of Rs. 2,200.00 from Andhra Bank outstanding as on 1st July 2011 i.e. the Cut-off date was rescheduled and converted into "Priority Medium Term Loan" as Facility -B;
- Irregularity as on 31st March 2012 in Working Capital Limits comprising cash credit, packing credit, buyer's credit facility, bill discounting and irregularities due to anticipated devolvement of LCs was converted into WCTL as Facility C;
- Interest accrued/ to be accrued on Secured term loans, Short term loan and WCTL until 30th June 2013 to be funded by way of Funded Interest Term Loan ("FITL") as Facility- D.

c) Sanction for additional funding

1. Project Loan from Union Bank of India

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

- a) The Company was sanctioned Rs. 22,800 Letter of Credit (LC) opened in favour of M/s. Schmid Technology Systems GmbH ('Schmid') by UBI, for a period of 35 months from the date of shipment out of the project loan sanctioned. In accordance with the said arrangement, the letter of credit shall

be converted into Term Loan in February 2014. Schmid discounted the said Letter of Credit with their bankers (counterparty bank). UBI in consultation with the Company entered into a deferred payment credit facility with the counterparty bank wherein, a sum of Rs. 22,142.26 was paid by the counterparty bank to M/s. Schmid towards imported capital goods until 31st March 2012. UBI is paying the interest in relation to such financing to the counterparty bank, which is being charged to the Company. In accordance with the terms of the deferred payment facility, there is no obligation to pay to Schmid as the same was discharged by the counterparty bank. As a consequence, UBI has an obligation towards the counterparty bank to repay the loan in accordance with the terms agreed at the end of the Letter of credit term i.e. 35 months from the date of shipment. Such amount payable under the deferred payment mechanism was therefore classified as long term borrowings. The balance as at 31st March 2013 amount to Rs. 22,532.20.

- b) Rs. 4,700 out of the said project loan representing priority medium term loan shall be disbursed by UBI to the Company towards capital expenditure. In the current year, the Company has drawn a sum of Rs. 4,081.94 out of the sanctioned limit.

2. Priority medium term loan

As part of the CDR package the Lenders agreed to provide additional funding in the form of medium term loans of Rs.10,000 for the implementation of 200 MW Plant in the proportion of the outstanding exposure to the Company as on the 1st July 2011. Such funding shall be in the form of deferred letter of credit for 35 months which shall be funded by the Priority loans. In the current year, the Company has drawn a sum of Rs. 3,466.97 (net of repayment) out of the sanctioned limit.

d) Reset of Interest Rate:

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

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

As explained in note 6 (iii) (a) above, the Lenders waived the obligation of the Company to pay any liquidated damages, default or penal interest / interest / further interest charged by the Lenders in excess of the concessional rates approved under the CDR package w.e.f 1st July 2011. Consequently, an interest credit received from the Lenders amounting to Rs 1,201.70 and the balance of interest accrued outstanding as at 31st March 2012 relating to various facilities amounting to Rs 3,502.00 was transferred to FITL.

f) Master restructuring agreement approved by Indian Bank

As explained in note 6 (ii) above, one of the consortium banks i.e. Indian Bank did not sign the Master Restructuring Agreement during the year ended 31st March 2012. However, the same has been signed on 5th July 2012. Consequently, reconciliations was carried out during the year in relation to borrowings from Indian Bank taking the effect of the MRA wherein the excess of interest charged in the period 1st July 2011 to 31st October 2011 amounting to Rs. 93.82 has been credited/ received from Indian Bank, the effect of which has been disclosed as an exceptional item.

Owing to the above signing of the MRA by the particular bank, the classification in relation to long term/ short term borrowings and the reclassification of accrued interest as at 31st March 2012 to Funded Interest Term Loan in accordance with the restructuring package does not require any modification.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

7. OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Creditor for capital goods	5,633.05	5,535.56
	5,633.05	5,535.56

8. PROVISIONS

Particulars	Long term		Short term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits				
- Provision for gratuity [net of fair value of plan assets Rs. 66.36 (previous year Rs. 51.85)]	—	—	—	—
- Provision for compensated absences	30.51	25.26	7.06	10.97
	30.51	25.26	7.06	10.97

9. TRADE PAYABLES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables **	4,328.60	2,500.58

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26th August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31st March 2013. Based on the information presently available with the Company, there are no dues outstanding to micro and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

10. OTHERS CURRENT LIABILITIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term borrowings (Refer note 4)	2,282.20	3.21
Interest accrued but not due on secured loans	205.26	258.07
Interest accrued and due on secured loans	11.94	-
Creditor for capital goods	2,431.12	2,325.53
Other payables		
Claim against compensation payable	444.86	435.67
Salary, wages and bonus payable	228.13	193.14
Advance from customers	53.94	44.38
Tax deducted at source payable	21.19	14.14
Customs duty payable	58.56	—
Other statutory dues payable	13.86	14.94
	5,751.06	3,289.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)
(All amounts in Rupees lakhs, unless otherwise stated)

11 (a) TANGIBLE FIXED ASSETS

AS AT 31ST MARCH, 2013

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2012	Additions during the year	Disposals	As at 31 March, 2013	As at 1 April, 2012	Depreciation charged for the year	Disposals	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Leasehold land #	2,581.03	-	-	2,581.03	108.76	29.56	-	138.32	2,442.71	2,472.27
Building - Factory	3,519.49	-	-	3,519.49	347.88	117.55	-	465.43	3,054.06	3,171.61
Building - Non Factory	1,403.32	-	-	1,403.32	68.39	23.42	-	91.81	1,311.51	1,334.93
Building (temporary structure)	14.35	-	-	14.35	14.35	-	-	14.35	-	-
Plant and machinery	58,165.64	-	-	58,165.64	9,805.91	3,665.22	-	13,471.13	44,694.51	48,359.73
Furniture and fixtures	590.44	-	-	590.44	106.65	37.06	-	143.71	446.73	483.79
Office equipment	65.26	1.77	-	67.03	14.55	4.01	-	18.56	48.47	50.71
Vehicles	290.30	0.53	2.08	288.75	101.14	24.47	0.71	124.90	163.85	189.16
Computers	37.50	0.92	-	38.42	17.84	6.08	-	23.92	14.50	19.66
Total	66,667.33	3.22	2.08	66,668.47	10,585.47	3,907.37	0.71	14,492.31	52,176.34	56,081.86

AS AT 31ST MARCH, 2012

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2011	Additions during the year	Disposals	As at 31 March, 2012	As at 1 April, 2011	Depreciation charged for the year	Disposals	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
Leasehold land #	2,581.03	-	-	2,581.03	79.12	29.64	-	108.76	2,472.27	2,501.91
Building - Factory	3,519.49	-	-	3,519.49	230.01	117.87	-	347.88	3,171.61	3,289.48
Building - Non Factory	1,403.32	-	-	1,403.32	44.90	23.49	-	68.39	1,334.93	1,358.42
Building (temporary structure)	14.35	-	-	14.35	14.35	-	-	14.35	-	-
Plant and machinery	58,196.19	-	30.55	58,165.64	6,631.85	3,174.29	0.23	9,805.91	48,359.73	51,564.34
Furniture and fixtures	590.44	-	-	590.44	69.50	37.15	-	106.65	483.79	520.94
Office equipment	64.56	0.70	-	65.26	10.63	3.92	-	14.55	50.71	53.93
Vehicles	240.68	49.76	0.14	290.30	74.36	26.91	0.13	101.14	189.16	166.32
Computers	36.85	0.65	-	37.50	11.77	6.07	-	17.84	19.66	25.08
Total	66,646.91	51.11	30.69	66,667.33	7,166.49	3,419.34	0.36	10,585.47	56,081.86	59,480.42

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

11 (b) INTANGIBLE FIXED ASSETS

AS AT 31ST MARCH, 2013

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2012	Additions during the year	Disposals	As at 31 March, 2013	As at 1 April, 2012	Amortisation for the year	Disposals	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Intangible fixed assets										
Computer Software	12.11	-	-	12.11	5.92	2.41	-	8.33	3.78	6.19
Total	12.11	-	-	12.11	5.92	2.41	-	8.33	3.78	6.19

AS AT 31ST MARCH, 2012

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)
(All amounts in Rupees lakhs, unless otherwise stated)

11 (c) CAPITAL WORK IN PROGRESS

Particulars	Leasehold land	Building-factory	Building-Non Factory	Building (temporary structure)	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
Capital work-in- progress										
Balance as at 1 April 2011	–	1,330.91	–	–	190.55	–	–	–	–	1,521.46
Additions**	–	818.09	–	–	39,716.12	–	–	–	–	40,534.21
Assets capitalised during the year	–	–	–	–	–	–	–	–	–	–
Balance as at 31st March, 2012	–	2,149.00	–	–	39,906.67	–	–	–	–	42,055.67
Balance as at 1st April, 2012	–	2,149.00	–	–	39,906.67	–	–	–	–	42,055.67
Additions **	–	226.41	–	–	7,766.48	–	–	–	–	7,992.89
Assets capitalised during the year	–	–	–	–	–	–	–	–	–	–
Balance as at 31st March, 2013	–	2,375.41	–	–	47,673.15	–	–	–	–	50,048.56

** Borrowing cost of Rs. 318.92 (previous year Rs. 435.17) and amortised ancillary cost of Rs. 49.44 (previous year Rs. 20.51) have been included in additions to capital work-in-progress. Capital work in progress includes exchange differences amounting to Rs. 487.42 (previous year Rs. 152.77) relating to the application of para 46A of AS -11 "Accounting for the effects of changes in foreign exchange rates". Capital work in progress also includes Rs. 34.96 (previous year Nil) on account of directly attributable expenses..

12. DEFERRED TAX ASSETS / LIABILITY

Particulars	As at 31st March, 2013	As at 31st March, 2012
Deferred tax liability		
Impact of depreciation/ amortisation allowed as per the books of accounts and allowed as per the Income tax Act, 1961	6,597.09	5,947.44
Deferred tax assets		
Brought forward losses as per tax laws *	6,597.09	5,947.44
	6,597.09	5,947.44

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

13. LOAN AND ADVANCES (unsecured, considered good)

Particulars	Long-Term		Short-Term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Capital advances	1,125.48	746.51	–	–
Security deposits	163.80	99.21	–	–
Advances recoverable in cash or in kind				
Excise duty paid under protest	145.26	145.26	–	–
Balance with statutory/ Government authorities	–	–	1,009.59	746.22
Advance tax [net of provision Rs. 13.40 (previous year Rs. 13.40)]	75.00	77.60	–	45.36
Prepaid expenses	–	–	33.77	37.07
Advance to vendors/suppliers	–	–	131.71	163.43
Advance to employees	–	–	7.23	7.93
Sub total	220.26	222.86	1,182.30	1,000.01
	1,509.54	1,068.58	1,182.30	1,000.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)
(All amounts in Rupees lakhs, unless otherwise stated)

14. OTHER ASSETS

Particulars	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Non current bank balances (Refer note 18)	2,390.00	2,375.30	—	—
Export incentive receivable	—	—	16.94	72.46
Unamortised ancillary cost of arranging the borrowings	273.13	322.57	49.57	49.57
	2,663.13	2,697.87	66.51	122.03
Others				
Interest accrued but not due on fixed deposit	428.84	220.19	5.76	28.81
	428.84	220.19	5.76	28.81
	3,091.97	2,918.06	72.27	150.84

15. CURRENT INVESTMENTS *

Particulars	As at 31st March, 2013	As at 31st March, 2012
Mutual fund investments - Unquoted		
Investment in equity instruments (unquoted)		
Nil (Previous year : 100,000 units) of Union Bank KBC Equity Fund Growth, fully paid up.	—	9.65
	—	9.65
Aggregate book value of unquoted investments	—	9.65

* The investments have been made from the unutilised monies raised from initial public offering (Refer note 39).

16. INVENTORIES

Particulars	As at 31st March, 2013	As at 31st March, 2012
Raw material and components	879.24	1,246.62
Finished goods #	2,721.91	1,634.90
Stores and spares	444.02	329.08
	4,045.17	3,210.60

includes goods in-transit - (previous year Rs. 7.28)

Finished goods

After adjusting for write down amounting to Rs. 878.98 (previous year Rs. 1,601.31) to its net realisable value.

Raw Material

After adjusting for write down amounting to Rs. 36.64 (previous year Rs. 428.28) to its net realisable value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

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

Particulars	As at 31st March, 2013	As at 31st March, 2012
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, considered good	231.63	1,080.54
Unsecured, considered doubtful	132.05	132.05
	363.68	1,212.59
Less: Provision for doubtful debts	(132.05)	(132.05)
- Others receivables *	1,551.47	1.33
	1,783.10	1,081.87

* includes debtors amounting to Rs. 1,157.44 (previous year Rs. Nil) against which bills have been discounted.

18. CASH AND BANK BALANCES

Particulars	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Cash and cash equivalents				
Balance with banks				
On current account	—	—	25.17	437.38
Cash on hand	—	—	0.72	0.07
Deposits with original maturity of less than three months	—	—	—	196.38
	—	—	25.89	633.83
Other bank balances				
Deposits with bank with maturities more than 12 months #	2,390.00	2,375.30	—	—
Deposits with bank with maturities more than 3 months and less than 12 months *	—	—	268.76	413.08
	2,390.00	2,375.30	268.76	413.08
Amount disclosed under non current assets (Refer note 14)	(2,390.00)	(2,375.30)	—	—
	—	—	294.65	1,046.91

* Fixed deposits include Rs. 228.68 (previous year Rs. Nil) under lien for letter of credit issued by the bank and Rs. 40.08 (previous year Rs. 413.08) as margin money against guarantees issued by bank.

Fixed deposits include Rs. 2,390.00 (previous year Rs. 2,375.30) as margin money against guarantees issued by bank. Rs. 2,375.00 (previous year Rs. 2,375.00) have been funded from monies received from initial public issue. Also, refer note 39.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

19. REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Sale of product		
Sale of products - finished goods (gross)	5,313.31	8,183.69
Less : Excise duty	1.76	49.43
Sale of products (net)	5,311.55	8,134.26
Other operating revenue		
Export incentive *	—	999.78
Scrap sale	11.79	63.45
	11.79	1,063.23

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

Break -up of revenue from sale of products		
Solar cells	5,169.95	8,101.32
Solar module	141.60	32.94
	5,311.55	8,134.26

20. OTHER INCOME

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest income on bank deposits	248.38	373.36
Interest income on current investments	0.18	51.46
Interest income on others	7.99	5.64
Profit on sale on investment	0.35	—
Profit on sale of fixed assets (net)	—	85.21
Provision no longer required written back	—	5.41
	256.90	521.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

21. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Inventory at the beginning of the year	1,246.62	3,114.09
Add : Purchases #	5,323.50	6,744.14
Less : Inventory at the end of the year	879.24	1,246.62
Cost of raw material consumed	5,690.88	8,611.61

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

Detail of material consumed

Silicon multi-crystalline wafers	3,747.94	6,810.64
Conductor paste	1,543.87	1,074.77
Chemicals	182.95	598.31
Screens	105.28	81.21
Gases	110.84	46.68
	5,690.88	8,611.61

Detail of inventory

Silicon multi-crystalline wafers	285.06	501.69
Conductor paste	321.42	448.02
Chemicals	230.41	252.33
Screens	31.70	27.24
Gases	10.65	17.34
	879.24	1,246.62

22 A. PURCHASE OF STOCK IN TRADE

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Purchase of stock in trade	146.37	—

22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Inventories at the beginning of year		
- Finished goods	1,634.90	6,527.31
Inventories at the end of year		
- Finished goods	2,721.91	1,634.90
(Increase) / Decrease during the year	(1,087.01)	4,892.41
Detail of inventory		
Finished goods		
Solar cells	2,641.58	1,533.22
Solar modules	8.48	2.55
Broken cells	47.86	91.85
Rejected cells	23.99	7.28
	2,721.91	1,634.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

23. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Salaries, wages and bonus	796.75	931.17
Contribution to provident and other funds	73.73	77.50
Gratuity	5.94	8.16
Staff welfare expenses	16.83	30.12
	893.25	1,046.95

24. OTHER EXPENSES

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Advertisement and sales promotion	15.17	135.10
Selling and distribution Expenses	65.33	145.72
Commission on sales *	106.65	66.83
Fuel and power	1,051.10	702.29
Gas management charges	—	36.75
Equipment rental charges (Refer note 29)	316.29	265.52
Loading and unloading charges	15.67	12.32
Spares consumed	101.52	90.11
Consumable stores	91.16	23.87
Travel and conveyance	70.23	148.49
Legal and professional	206.74	326.90
Foreign exchange loss (net)	103.34	1,279.31
Loss on sale of fixed assets	0.35	—
Insurance	49.25	100.27
Director's sitting fee	—	5.20
Communication	44.76	37.76
Repair and maintenance :		
- Plant and machinery	91.49	64.98
- Vehicle	46.37	37.86
- Others	21.92	27.50
Rates and taxes	117.28	3.59
Provision for doubtful debts	—	105.31
Bad debts written off	—	494.89
Claim against performance guarantee #	—	435.67
Commission on purchase **	—	1,419.74
Miscellaneous expenses	70.61	91.24
	2,585.23	6,057.22

* Represents prior period expense amounting to Rs. 106.65 (previous year Nil) towards credit note adjustment from one of its customers.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(All amounts in Rupees lakhs, unless otherwise stated)

25. FINANCE COSTS

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest expense on		
- Term loan*	5,646.34	4,436.00
- Working capital	179.26	935.23
- Bill discounting	44.60	356.47
Bank charges	54.22	197.39
	5,924.42	5,925.09

* Excludes Rs. 93.82 (previous year Rs. Nil), the effect of interest credit given by Indian Bank in the current year, the same has been disclosed as exceptional item (Refer note 6 (iii) (c)).

26. DEPRECIATION AND AMORTISATION EXPENSE (Refer note 11)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Depreciation on tangible assets	3,907.37	3,419.34
Amortisation on intangible assets	2.41	2.42
	3,909.78	3,421.76

27. EARNING PER EQUITY SHARES (EPS)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Net loss as per the Statement of Profit and Loss	(12,388.86)	(20,236.47)
Number of equity shares of Rs.10 each at the beginning of the year	335,144,027	335,144,027
Number of equity shares of Rs.10 each at the end of the year	335,144,027	335,144,027
Weighted average number of equity shares of Rs.10 each at the end of the year for calculation of basic and diluted EPS	335,144,027	335,144,027
Basic and diluted earnings per share (in Rs.) (Per share of Rs 10 each)	(3.70)	(6.04)

28 Commitments

- Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 8,653.13 (previous year Rs. 2,674.30).
- For commitments relating to lease arrangements (Refer note 29).
- For commitments relating to net positive foreign exchange earnings (Refer note 35).

29 Lease taken by the Company

The Company has various operating leases under cancellable and non cancellable operating lease arrangements for plant and machinery, office premises, accommodation for employees and other assets which are renewable on a periodic basis. Rent expenses for operating leases included in the Statement of Profit and Loss is Rs. 316.29 (previous year: Rs. 266.35).

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

Particulars	As at 31st March, 2013	As at 31st March, 2012
Minimum lease payments		
Not later than one year	280.80	313.20
Later than one year and not later than five years	16.60	297.40
Later than five years	—	—
Total	297.40	610.60

30 CIF value of imports

Particulars	As at 31st March, 2013	As at 31st March, 2012
Raw material	4,934.05	7,388.79
Capital goods	28,102.19	38,962.90
Commission on acquisition of capital goods	—	83.42
Components and spare parts	159.09	100.95
Total	33,195.33	46,536.06

31 Expenditure in foreign currency (accrual basis)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Commission on purchase	—	1,419.74
Advertisement and sales promotion	—	118.04
Commission on sales	106.65	—
Legal and professional	3.36	25.96
Travelling expenses	3.91	16.20
Finance cost	400.32	64.09
Testing charges	3.51	—
Repairs and maintenance	1.61	—
Total	519.36	1,644.03

32 Earning in foreign currency

Particulars	As at 31st March, 2013	As at 31st March, 2012
FOB value of exports#	2,640.83	7,173.85
Total	2,640.83	7,173.85

Includes deemed exports to EOU/SEZ units amounting to Rs. 2446.98 (previous year Rs. 2,055.16).

33 The Company's foreign currency exposure on account of payables not hedged as on 31 March 2013 and 31 March 2012 is as follow:

Particulars	Amount in Foreign Currency in Lakhs	Amount in Rs. Lakhs
EURO	445.20 (444.66)	31,281.77 (30,388.21)
US Dollar	61.38 (11.30)	3,015.57 (578.09)
Yen	— (35.13)	— (21.93)

Previous year figures are given in brackets

- 34** The Company's foreign currency exposure on account of receivables (net of advance from customers) not hedged as on 31 March 2013 and 31 March 2012 is as follow:

Particulars	Amount in Foreign Currency in Lakhs	Amount in Rs. Lakhs
US Dollar*	4.04 (17.21)	179.64 (880.64)
EURO	1.11 (3.79)	4.45 (258.81)

* Net of advance from customer US Dollar 0.41 (equivalent to INR 22.61).

Previous year figures are given in brackets

- 35** The Company has incurred expenses in foreign currency (including amortisation of imported machinery) amounting to Rs. 101,211.69 till 31st March 2013. 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 Foreign Exchange within ten years from the commencement of its operation. At the year end (i.e. after three years of commencement of its operations), the Company's earnings is a Negative Net Foreign Exchange Earnings of Rs. 22,124.03. As explained in Note 1 above, the ability of the Company to meet its export obligations over the next 6 years is dependent on various factors which have created multiple uncertainties, the effect of which if any is not ascertainable.

36 Related party disclosures

List of related parties

a) Parties where control exists :

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

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

- i) Other key managerial personnel
Mr. A.K Agarwal

c) Transactions with related parties

Transactions during the year	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Managerial Remuneration		
Mr. H.R Gupta	48.00	48.00
Mr. B.K Gupta	48.00	48.00
Mr. A.K Agarwal	38.40	38.40
Unsecured loan received from :		
Mr. B.K Gupta	—	418.62
Pledge of shares		
Mr. H.R Gupta	—	2,342.35
Mr. B.K Gupta	—	4,365.00
Guarantees given on behalf of the Company		
Mr. H.R Gupta	—	31,935.02
Mr. B.K Gupta	—	31,935.02

d) Outstanding balance as at year end

Particulars	As at 31st March, 2013	As at 31st March, 2012
Sundry creditors		
Mr. B.K Gupta	12.92	-
Mr. H.R Gupta	14.65	4.87
Mr. A.K Agarwal	14.68	4.27
Unsecured loan		
Mr. B.K Gupta	418.62	418.62
Pledge of shares		
Mr. H.R Gupta	8,038.55	8,038.55
Mr. B.K Gupta	5,650.00	5,650.00
Guarantees given		
Mr. H.R Gupta	102,873.02	102,873.02
Mr. B.K Gupta	102,873.02	102,873.02

37 Employees benefit

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

a) *Defined Contribution Plans:* The Company has recognised Rs. 69.36 (Previous year Rs. 72.42) related to employers' contribution to Provident Fund Scheme in the Statement of Profit and Loss.

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

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

Particulars	As at 31st March, 2013	As at 31st March, 2012
Changes in the present value of defined benefit obligation		
Projected benefit obligation at the beginning of the year	36.01	24.25
Current service cost	12.15	14.28
Interest cost	4.14	3.13
Benefits paid	-	-
Actuarial gain/ (loss)	(5.63)	(5.65)
Past service cost	-	-
Projected benefit obligation at the end of the year	46.67	36.01
Changes in the fair value of the plan assets		
Fair value of the plan assets in the beginning of the year	51.85	21.21
Expected return on plan assets	3.87	1.88
Contributions	9.53	26.74
Actuarial gain/ (loss)	1.11	2.02
Fair value of the plan assets in the end of the year	66.36	51.85
Amount recognised in the Balance Sheet		
Projected benefit obligation at the end of the year	46.67	36.01
Fair value of the plan assets in the end of the year	(66.36)	(51.85)
Funded status of the plans liabilities		
Present value of unfunded obligation		
Unrecognised past service cost	(0.05)	(0.08)
Amount not recognised as an Asset (limit in para 59 (b))	0.50	0.27
Liability/ (asset) recognised in the Balance Sheet*	(19.23)	(15.65)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Gratuity expenses recognised in the Statement of Profit and Loss		
Current service cost	12.15	14.28
Interest cost	4.14	3.13
Expected return on plan assets	(3.87)	(1.88)
Net actuarial (gain) recognised in the year	(6.75)	(7.67)
Loss on "acquisition/divestiture"		
Past service cost	0.03	0.03
Effect of limit in para 59 (b)	0.23	0.27
Net gratuity cost	5.94	8.16

*Asset has not been recognised in the books of accounts.

c) Experience adjustment

Particulars	Period ended			
	31st March, 2010	31st March, 2011	31st March, 2012	31st March, 2013
Defined benefit obligation	10.07	24.25	36.01	46.68
Plan assets	12.92	21.21	51.85	66.36
Surplus/(Deficit)	2.85	(3.05)	15.84	19.68
Experience adjustment on plan liabilities	(0.79)	4.65	(0.34)	(9.33)
Experience adjustment on plan assets	0.90	(0.76)	2.02	1.11

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

Particulars	As at 31st March, 2013	As at 31st March, 2012
Economic assumptions		
Discount rate	7.95%	8.65%
Long term rate of compensation increase	2% for first two years and 6% thereafter	2% for first two years and 6% thereafter
Demographic assumptions		
Retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ult.	LIC (1994-96) mortality tables
Withdrawal Rates		
Ages (years)		
21-30	5.00%	5.00%
31-40	3.00%	3.00%
41-59	2.00%	2.00%

38 Segment Information

(a) Information about primary business segment

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

(b) Information on secondary/ geographical segment

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

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Segment revenue		
Domestic	5,119.19	2,957.29
Overseas	192.36	5,176.97
Total	5,311.55	8,134.26
	As at 31st March, 2013	As at 31st March, 2012
Segment assets *		
Domestic	113,355.17	106,878.22
Overseas	852.51	1,752.02
Total	114,207.68	108,630.24
Addition to fixed assets		
Domestic	7,996.11	40,585.31
Overseas	—	—
Total	7,996.11	40,585.31

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

- 39 Shareholders had passed ordinary resolution through postal ballot on 31st January, 2011 to empower and authorise the Board of Directors to vary terms and conditions mentioned in the prospectus dated 18th September, 2010, vary/ amend/ alter the utilisation of net proceeds inter se one or other of the purposes for their utilisation, described in the said prospectus on even date and utilise any part of the net proceeds for a purpose or purposes other than those described in the said prospectus. The funds raised and utilised by the Company are as under:

Particulars	As at 31st March, 2013	As at 31st March, 2012
IPO Proceeds received	—	—
Utilisation of funds:		
Advance given to supplier of assets	15,580.55	15,580.55
Repayment of Working capital loan and proceeds used for working capital requirement	14,386.21	14,376.56
Share issue expenses	3,358.24	3,358.24
Investment in Fixed deposit with banks	2,375.00	2,375.00
Investment in mutual funds #	—	9.65
Total	35,700.00	35,700.00

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

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

(i) Raw material

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Amount	%	Amount	%
Imported	5,359.83	94.18%	8,404.87	97.60%
Indigenous	331.05	5.82%	206.74	2.40%
Total	5,690.88	100.00%	8,611.61	100.00%

(ii) Stores and spares consumed

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Amount	%	Amount	%
Imported	30.85	30.39%	75.56	83.86%
Indigenous	70.67	69.61%	14.55	16.14%
Total	101.52	100.00%	90.11	100.00%

41 Contingent liabilities

Particulars	As at 31st March, 2013	As at 31st March, 2012
Excise duty demand pending settlement	76.76	—
Service tax demand pending settlement	1,903.71	—
Total	1,980.47	—

42 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 12th September 2012, through a tender process during the year. 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). Out of the total contract, 1.6 MW was required to be executed till 30th June 2013. The contract remained unexecuted as at 31st March 2013. However, the Company is in the process of executing 100 KW subsequent to 31st March 2013. Also, the Company has filed an application seeking extension with MP Urja for completion of work. 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 in the event of delay beyond 10 weeks, MP Urja has the authority to cancel the contract. The likely impact of the loss or damage due to inability or delay to complete the orders by the Company is not quantifiable as the final outcome thereof, is uncertain and the same shall crystallise only after the completion of discussion and necessary clearances from the necessary authorities.

43 Previous period figures have been re-grouped/re-classified/re-arranged wherever necessary to make them comparable.

As per our report attached.

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

VIKRAM ADVANI
Partner
Membership No.091765
Place : New Delhi
Date : 29.05.2013

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

H.R. GUPTA
Managing Director
DIN: 00297722
Place: New Delhi
Date: 29.05.2013

A.K. AGARWAL
Whole Time Director
DIN: 00155299



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 8th Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 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. 2		
Resolution No. 3			Resolution No. 4		

Signed this _____ day of _____ 2013

Folio No.: _____ No. of Shares Held : _____

DP ID: _____ Client ID: _____

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.

Affix
Revenue
Stamp of
Re. 1

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 8th Annual General Meeting of the Company at Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi - 110 036 on Monday, the 30th day of September 2013 at 10.00 a.m.

Full Name of the Member (in block letters) : _____

Signature : _____

Folio No. : _____

No. of Shares Held : _____

DP ID : _____

Client ID : _____

Full Name of the Proxy (in block letters) : _____

(to be filled if the proxy attends instead of the member)

Signature : _____

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





Corporate Office cum Factory

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

INDOSOLAR LIMITED

FORM B

Covering letter of annual audit report to be filed with the stock exchanges

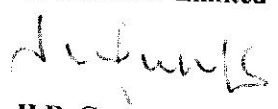



1.	Name of the Company	Indosolar Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit qualification	<p>1. A disclaimer of opinion included in Para 4 of the Independent Auditors report dated 29th May 2013 to the members of Indosolar Limited on the accounts for the year ended 31st March 2013 issued by the Statutory auditors is as follows:</p> <p><i>Basis for disclaimer of opinion</i> <i>Certain consignments relating to plant and machinery, imported in connection with the expansion of the manufacturing facility, had been lying at the bonded warehouse for a significant period of time until 31st March 2012. During the year, a substantial portion of such machinery was removed and demurrage/ detention charges was paid at the time of such removal amounting to Rs.1,365.93 lakhs and the same has been considered as part of the cost of acquisition of an asset and capitalised under capital work-in-progress accordingly, as at 31st March 2013. Management is of the view that such expenses are directly attributable to bringing the machinery to its current location and condition and should be capitalized.</i></p> <p><i>However, we are of the view that such charges should be treated as an expense and accordingly should not be capitalised as they cannot be considered as a cost that is directly attributable for getting the asset ready for its intended use in accordance with the requirements of AS 10 "Accounting for fixed assets". Had the Company accrued for such demurrage/ detention charges, other expense would have been higher by Rs.1,365.93 lakhs and the loss for the year ended 31st March 2013 would have been higher by the corresponding amount.</i></p> <p><i>Attention is invited to note 28, which explains in detail the substantial erosion of net worth as at the balance sheet date because of which the reference required in case of erosion of more than 50% of peak net worth has been made to BIFR during the year and also explains the multiple uncertainties being faced by the company. The Company has been unable to utilise its capacity as the cost of production of solar cells continues to be higher than the prevailing market prices and the plant has remained shut for a significant part of the current year and for the other part of the year has been operational at significantly low levels of capacity utilization. Key policy decisions such as those relating to imposition of Anti Dumping Duty, Local Content requirement and Company's eligibility for certain incentives remain unresolved.</i></p> <p><i>The actual net cash inflows during the year ended 31st March 2013 are significantly lower than the projections for the same period incorporated in the first CDR package. Accordingly the cash flow projections approved as part of that CDR package can no longer be relied upon. Due to continued liquidity issues the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited.</i></p>



		<p>Overall the short term liabilities exceed the short term assets by Rs. 7,125.31 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 2,281.89 lakhs, representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan together with quarterly interest thereon shall become payable in the year ending 31st March 2014.</p> <p>The above factors create multiple uncertainties and we are unable to determine their possible effects on the financial statements. We are also unable to conclude on the ability of the Company to carry on as a going concern.</p> <p>Disclaimer of opinion Because of the significance of the matters described, specifically relating to the multiple uncertainties created due to factors such as response of banks to the application filed for a 2nd Corporate Debt Restructuring; key policy initiatives of the government relating to anti dumping duty and local content requirement; we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.</p> <p>2. Further, qualifications in the Annexure referred to in Para 6 of the Independent Auditors report dated 29th May 2013 to the members of Indosolar Limited on the accounts for the year ended 31st March 2013 issued by the Statutory auditors are as follows:</p> <p>(a) The Company has an internal audit system. In our opinion, the scope of work and coverage of internal audit needs to be enlarged to make it commensurate with the size of the Company and the nature of its business.</p> <p>(b) In respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax and Work Contract Tax, the deposits have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.</p> <p>(c) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.</p> <p>(d) 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 the funds raised on short-term basis amounting to Rs. 4,843.11 lakhs have been used for long-term investments.</p>
4.	Frequency of qualification	<p>1. First time</p> <p>2. (a) First time (b) Repetitive (c) Repetitive (d) Repetitive</p>





5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	Refer to page no. 20 to 23 of Annual Report for auditors' observations. Please refer page no. 4 to 5 of Annual Report for management response.
6.	Additional comments from the Board / Audit Committee Chair	Please refer page no. 4 to 5 of Annual Report for management response
	To be signed by CEO/ Managing Director	For Indosolar Limited  H.R. Gupta Managing Director DIN: 00297722
	CFO/ Head - Finance	For Indosolar Limited  A.K. Agarwal Whole Time Director and CFO DIN: 00155299
	Auditor of the Company	For B S R and Associates Chartered Accountants Firm Registration Number: 128901W  Vikram Advani Partner Membership number: 091765
		For Indosolar Limited  A.K. Gupta Audit Committee Chairman DIN: 00371289