

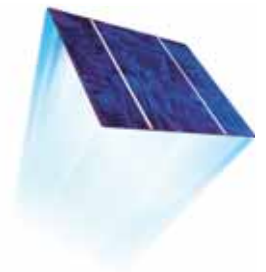


9th ANNUAL REPORT

2013-2014



iNDOSOLARTM
L I M I T E D



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bhushan Kumar Gupta	Executive Chairman-Promoter
Mr. Hulas Rahul Gupta	Managing Director-Promoter
Mr. Gautam Singh Kuthari	Non-Executive Independent Director
Mr. Vidyut Manubhai Vora	Non-Executive Independent Director
Ms. Vinati Dev	Non-Executive Independent Director

STATUTORY AUDITORS

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

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

BANKERS

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

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

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

CORPORATE IDENTITY NUMBER

L18101DL2005PLC134879

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF INDOSOLAR LIMITED WILL BE HELD ON TUESDAY, THE 30TH DAY OF SEPTEMBER 2014 AT 10.00 A.M. AT MITHAS MOTEL & RESORT, 92/16, G.T. KARNAL ROAD, 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 2014 and the Statement of Profit and Loss for the year ended on 31st March 2014 together with Notes, Reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Mr. Bhushan Kumar Gupta (DIN-00168071), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s B S R & Co. LLP, Chartered Accountants, Gurgaon (Firm Registration Number-128901W) as Statutory Auditors of the Company for a period of four years to hold the office from conclusion of this Annual General Meeting till the conclusion of 13th Annual General Meeting and to fix their remuneration subject to ratification of their appointment at every Annual General Meeting.

SPECIAL BUSINESS:

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

"**RESOLVED THAT** in accordance with the provisions of section 160 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time, Mr. Vidyut Manubhai Vora (DIN-06810035) be and is hereby appointed as a Director of the Company not liable to retire by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) and Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Vidyut Manubhai Vora, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent and Non-Executive Director of the Company, with effect from 30th September 2014 for a period of five years, i.e. up to 29th September 2019 not liable to retire by rotation."

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

"**RESOLVED THAT** in accordance with the provisions of section 160 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time, Ms. Vinati Dev (DIN-06922256) be and is hereby appointed as a Director of the Company not liable to retire by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) and Rules framed there under read with Schedule IV to the Act, as amended from time to time, Ms. Vinati Dev, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent and Non-Executive Director of the Company, with effect from 30th September 2014 for a period of five years, i.e. up to 29th September 2019 not liable to retire by rotation."

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

"**RESOLVED THAT** in accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) and Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Gautam Singh Kuthari (DIN-00945195), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent and Non-Executive Director of the Company, with effect from 30th September 2014 for a period of five years, i.e. up to 29th September 2019 not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of sections 42 and 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to and in accordance with the provisions of other applicable laws, regulations, notification, circulars and rules including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time [**"SEBI (ICDR) Regulations"**], the provision of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, Foreign Exchange Management Act, 1999 and Rules and Regulations made there under [**FEMA Regulations**], any foreign investment law, policy or regulation in India and the approval, permission and sanction of the Government of India (**the "GoI"**), the Securities and Exchange Board of India (**the "SEBI"**), the guidelines issued by Reserve Bank of India on conversion of External Commercial Borrowings into Equity, Foreign Investment Promotion Board (**the "FIPB"**), the Registrar of Companies and all other appropriate authorities, institutions or bodies, the approval, permission and sanction, if any, of any lender or other third party and subject to such conditions and modifications as may be prescribed in these approvals, permissions and sanctions, approval of the shareholders of the Company be and is hereby granted to create, offer, issue and allot equity shares of the face value of Rs. 10/- (Rupees ten only) each ("**Equity Shares**"), by the Company out of the authorized share capital of the Company at an issue price of Rs. 10/- (Rupees ten only) each fully paid-up or any other issue price considering the date thirty days prior to the date of this meeting as the Relevant Date, i.e. 29th August 2014 as per the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations for preferential issues as per following details on such further terms and conditions as may be approved or finalized by the Board of Directors in the best interest of the Company:

Name and address of proposed allottee	PAN	Category	No. of Equity Shares
Greenlite Lighting Corporation Regd. Office:115, Brunswick Blvd, Suite-102 Pointe Claire, Quebec, Canada-H9R 5N2	AAECG3858K	Promoter Group	2,04,85,973
Bhushan Kumar Gupta R/o C-12, Friends Colony (East) New Delhi-110065	AAAPG3671R	Promoter	70,90,000
Hulas Rahul Gupta R/o C-12, Friends Colony (East) New Delhi-110065	AAAPG4437F	Promoter	20,45,000
Skybase Infra Private Limited Regd. Office: G-367, Block-G, Jaitpur Extension-II, New Delhi-110044	AABCF7510L	Non-Promoter	25,00,000

RESOLVED FURTHER THAT out of 2,04,85,973 (Two Crores Four Lacs Eighty Five Thousand Nine Hundred Seventy Three) equity shares to be allotted to Greenlite Lighting Corporation, 60,32,788 (Sixty Lacs Thirty Two Thousand Seven Hundred Eighty Eight) equity shares be allotted against conversion of external commercial borrowings of USD 9,99,965 equivalent to Rs. 6,03,27,880 (Rupees Six Crores Three Lacs Twenty Seven Thousands Eight Hundred Eighty only) taken from Greenlite Lighting Corporation as per Corporate Debt Restructuring (CDR) requirement and 1,44,53,185 (One Crore Forty Four Lacs Fifty Three Thousand One Hundred Eighty Five) equity shares be allotted for cash.

RESOLVED FURTHER THAT 70,90,000 (Seventy Lacs Ninety Thousand) equity shares be allotted to Mr. Bhushan Kumar Gupta against conversion of unsecured loan of Rs. 7,09,00,000 (Rupees Seven Crores Nine Lacs only) taken from Mr. Bhushan Kumar Gupta as per CDR requirement.

RESOLVED FURTHER THAT 20,45,000 (Twenty Lacs Forty Five Thousand) equity shares be allotted to Mr. Hulas Rahul Gupta against conversion of unsecured loan of Rs. 2,04,50,000 (Rupees Two Crores Four Lacs Fifty Thousand only) taken from Mr. Hulas Rahul Gupta as per CDR requirement.

RESOLVED FURTHER THAT 25,00,000 (Twenty Five Lacs) equity shares be allotted to Skybase Infra Private Limited against conversion of unsecured loan of Rs. 2,50,00,000 (Rupees Two Crores Fifty Lacs only) taken from Skybase Infra Private Limited as per CDR requirement.

RESOLVED FURTHER THAT the said Equity Shares shall be listed on the Stock Exchanges on which the existing Equity Shares of the Company are listed.

RESOLVED FURTHER THAT the Equity Shares to be allotted shall be freely transferable from the date of allotment, subject to lock-in requirement as prescribed by the SEBI (ICDR) Regulations, from time to time.

RESOLVED FURTHER THAT the Equity Shares to be allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid special resolution under sections 42 and 62 of the Companies Act, 2013, the Board of Directors (which term shall include any duly constituted and authorized committee thereof) of the Company be and is hereby authorized to take such steps and to do all such other acts, deeds, matters and things and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as it may deem fit and appropriate and give such directions / instructions as may be necessary to settle any question, difficulty or doubt that may arise in regard to offer, issue and allotment of the said Equity Shares."

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

"RESOLVED THAT pursuant to section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors of the Company be and is hereby authorized to borrow such sums of moneys from time to time, not exceeding at any point of time a sum of Rs. 2,500 Crores (Rupees Two Thousand Five Hundred Crores only), exclusive of interest, as they may deem requisite for the purpose of business of the Company with or without security and upon such terms and conditions as the Board may think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company are (apart from the temporary loans borrowed from the Company's bankers in the ordinary course of business) over and above the paid-up share capital and free reserves of the company from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

9. To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors of the Company be and is hereby authorized to create charge, hypothecate, mortgage, pledge, any movable or immovable properties of the company where-so-ever situated, both present and future and the whole or substantially the whole of the undertaking of the company, for securing any loans/facilities/borrowings limits/LC limits obtained or as may be obtained from any banks, financial institutions, hire-purchase/lease companies, body corporate or any other persons together with interest, costs, charges, expenses and any other moneys payable, on such terms and conditions as the Board may think fit for the benefit of the company and as agreed between the Board and lender towards security for the purpose of borrowing funds for the company from time to time not exceeding Rs. 2500 Crores (Rupees Two Thousand Five Hundred Crores only) at any point of time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution."

By Order of the Board of Directors
For INDOSOLAR LIMITED

Place : New Delhi
Date : 12.08.2014

H.R. GUPTA
(Managing Director)
DIN: 00297722

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.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. A form of proxy is enclosed.
3. Corporate members / Societies are requested to send a duly certified copy of the board of directors'/governing body resolution/power of attorney authorizing their representative to attend and vote at the Annual General Meeting.
4. The relevant explanatory statement in accordance with section 102 of the Companies Act, 2013 setting out the material facts in respect of the Special Business is enclosed to the notice.
5. The register of members and share transfer books of the Company will remain closed from Tuesday, 23rd September 2014 till Tuesday, 30th September 2014 (both days inclusive).
6. 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.
7. 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.
8. The documents relating to above businesses are available for inspection from 11.00 a.m. to 1.00 p.m. on all working days, except Saturdays and Sundays, at the Registered Office of the Company till the conclusion of the Annual General Meeting.
9. The Register of contracts or arrangements in which directors are interested and the Register of Directors and Key Managerial Personnel and their shareholding will remain open and accessible till the conclusion of the meeting.
10. Members are requested to send their queries, if any, at least 10 days in advance of the meeting, so that the information can be made available at the meeting.
11. SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, transmission/ transposition of shares. Members are requested to submit the PAN details to their Depository Participant in case of holdings in dematerialized form and to the Company's Registrar and Transfer Agents, mentioning correct reference folio number in case of holdings in physical form.
12. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their Depository Participant only and not to the Company's Registrar and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agents to provide efficient and better service to the Members.
13. As an austerity measure, copies of the Annual Report will not be distributed at the meeting.
14. Members who hold shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, for consolidation into a single folio.
16. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, immediately of:
 - a. Change in their residential status on return to India for permanent settlement.
 - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

17. Electronic copy of the Annual report is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
18. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.

19. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 9th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The Company has signed an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their vote electronically.

Process for e-voting:

(A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number, e.g. If your name is Ramesh Kumar with folio number 1234 then enter 'RA00001234' in the PAN field. Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/NSDL client id. For example: in case name is Rahul Mishra and Demat A/c No. 12058700 00001234 then default value of PAN is 'RA00001234'.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut-off date, i.e. 22nd August 2014 in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.

- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click in the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. Further, the members who have cast their vote electronically shall not be allowed to vote again at the meeting.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company/ Depository participant(s) or requesting physical copy]:** Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (C) The e. voting period begins on Monday, 22nd September 2014 at 10.00 am and ends on Wednesday, 24th September 2014 at 5.00 pm. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. 22nd August 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or investors@indosolar.co.in.
 - Mr. Rupesh Agarwal, Partner, M/s Chandrasekaran Associates, firm of Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make his report of the votes cast in favour or against and shall submit to the Chairman of the Meeting.

- The Results of Annual General Meeting shall be declared on 30th September 2014. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.indosolar.co.in and on the website of CDSL and shall be communicated to National Stock Exchange of India Limited and BSE Limited.

20. Appointment/Re-appointment of Directors

The details of Directors to be appointed/ 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 78 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 2014.

Mr. Vidyut Manubhai Vora, aged about 54 years holds a bachelors' degree in commerce from St. Xaviers College, Kolkata. He runs a refractory manufacturing plant in Ahmedabad by the name of Kundan Refractories.

Mr. Vidyut Manubhai Vora is an Independent and Non-Executive Director of the Company. He is the member of Audit Committee of the Board of Directors of the Company. Further, he has joined Nomination and Remuneration Committee as member. He is not on the Board of any other Company. He is holding 12,817 equity shares in the Company as on 31st March 2014.

Ms. Vinati Dev, aged about 38 years holds a masters' degree in science in the field of international political economy from London School of Economics and bachelors' degree in arts in the field of economics and international development from Clark University, USA. She has also done a course in Quantitative Methods in Economics and Business, Managerial Finance and Linear Algebra from Harvard University, USA. She has an experience of around 15 years in various fields like media relations, public affairs, business research, market intelligence, etc.

Ms. Vinati Dev is an Independent and Non-Executive Director of the Company. She is the member of Nomination and Remuneration Committee of the Board of Directors of the Company as on date. She is on the Board of S.L. Dev and Company Private Limited. She is not holding any shares in the Company as on date.

Mr. Gautam Singh Kuthari, aged about 55 years holds a bachelor's degree in commerce from the Delhi University. He has business experience spanning 35 years in various fields such as textile, soft drinks, advertisements, film making, international commodity trading, fast moving consumer goods, ship breaking, lighting to Metal Finishing Industry.

Mr. Gautam Singh Kuthari is an Independent and Non-Executive Director of the Company. He is the Chairman of Audit Committee, Investors' Grievance Committee and Share Transfer Committee of the Board of Directors of the Company. Further, he has joined Nomination and Remuneration Committee as Chairman. Mr. Kuthari is also on the Board of Assam Textile Mills (P) Ltd. and Aesthetic Trade Links (P) Ltd. He is not holding any shares in the Company as on 31st March 2014.

The Explanatory Statement as required under section 102 of the Companies Act, 2013

Item No. 4

Mr. Vidyut Manubhai Vora has been appointed as an Additional Director of the Company with effect from 13th February 2014 and in terms of section 161 of the Companies Act, 2013 ("the Act") he holds the office of Director only up to the date of ensuing Annual General Meeting.

Pursuant to section 160 of the Act, the Company has received a notice alongwith a deposit of Rs. 1,00,000/- from a shareholder proposing his candidature for the post of Director of the Company.

The Board is of the view that Mr. Vidyut Manubhai Vora's knowledge and experience will be of benefit and value to the Company and therefore recommends his appointment as a Director of your Company.

He is an Independent and Non-Executive Director of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

As per the provisions of Section 149 of the Act which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by

rotation. Mr. Vidyut Manubhai Vora has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Vidyut Manubhai Vora as Independent and Non-Executive Director was placed before the Nomination & Remuneration Committee, which recommends his appointment as an Independent and Non-Executive Director from 30th September 2014 up to 29th September 2019.

In the opinion of the Board, Mr. Vidyut Manubhai Vora fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Vidyut Manubhai Vora as an Independent and Non-Executive Director is now being placed before the Members in general meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Mr. Vidyut Manubhai Vora, is concerned or interested in this item of the Notice either financial or otherwise. Mr. Vidyut Manubhai Vora and his relatives are interested or concerned in the Resolution concerning his appointment proposed in this item.

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

Item No. 5

Ms. Vinati Dev has been appointed as an Additional Director of the Company with effect from 12th August 2014 and in terms of section 161 of the Companies Act, 2013 ("the Act") she holds the office of Director only up to the date of ensuing Annual General Meeting.

Pursuant to section 160 of the Act, the Company has received a notice alongwith a deposit of Rs. 1,00,000/- from a shareholder proposing her candidature for the post of Director of the Company.

The Board is of the view that Ms. Vinati Dev's knowledge and experience will be of benefit and value to the Company and therefore recommends her appointment as a Director of your Company.

She is an Independent and Non-Executive Director of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

As per the provisions of Section 149 of the Act which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Ms. Vinati Dev has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Ms. Vinati Dev as Independent and Non-Executive Director was placed before the Nomination & Remuneration Committee, which recommends her appointment as an Independent and Non-Executive Director from 30th September 2014 up to 29th September 2019.

In the opinion of the Board, Ms. Vinati Dev fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and she is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Ms. Vinati Dev as an Independent and Non-Executive Director is now being placed before the Members in general meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Ms. Vinati Dev, is concerned or interested in this item of the Notice either financial or otherwise. Ms. Vinati Dev and her relatives are interested or concerned in the Resolution concerning her appointment proposed in this item.

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

Item No. 6

Mr. Gautam Singh Kuthari joined the Board of Directors of the Company on 14th December 2009. He is an Independent and Non-Executive Director of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

As per the provisions of Section 149 of the Companies Act, 2013 ("the Act") which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Gautam Singh Kuthari has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Gautam Singh Kuthari as an Independent and Non-Executive Director was placed before the Nomination & Remuneration Committee, which recommends his appointment as an Independent and Non-Executive Director from 30th September 2014 up to 29th September 2019.

In the opinion of the Board, Mr. Gautam Singh Kuthari fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Gautam Singh Kuthari as Independent and Non-Executive Director is now being placed before the Members in general meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives, except Mr. Gautam Singh Kuthari, is concerned or interested in this item of the Notice either financial or otherwise. Mr. Gautam Singh Kuthari and his relatives are interested or concerned in the Resolution concerning his appointment proposed in this item.

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

Item No. 7

The proposed Special Resolution set out in Item No. 7 is an enabling resolution authorizing the Board of Directors to convert the external commercial borrowing and unsecured loan into equity shares of the Company, to raise funds by issue and allotment of upto 1,44,53,185 (One Crore Forty Four Lacs Fifty Three Thousand One Hundred Eighty Five) equity shares. The external commercial borrowing has been brought in the Company as a part of promoters' contribution under Corporate Debt Restructuring (CDR) as approved by the CDR cell. The external commercial borrowings of USD 9,99,965 is converted into INR as per the prevailing exchange rate as on 18th July 2014 (date of consent from ECB lender) as per RBI Guidelines, @ Rs. 60.33 per USD, i.e. total external commercial borrowings of Rs. 6,03,27,880 (Rupees Six Crores Three Lacs Twenty Seven Thousands Eight Hundred Eighty only) will be converted into equity shares by issue and allotment of 60,32,788 (Sixty Lacs Thirty Two Thousands Seven Hundreds Eighty Eight) equity shares of the face value of Rs. 10/- (Rupees ten only) each out of authorized share capital of the Company at an issue price of Rs. 10/- (Rupees ten only) each fully paid-up or any other issue price considering the date thirty days prior to the date of this meeting as the Relevant Date as per the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations on preferential basis. The unsecured loans have also been brought in the Company as a part of promoters' contribution under CDR.

The information as required under Regulation 73 of SEBI (ICDR) Regulations, 2009 for preferential issues is as under:

(a) Objects of the issue:

- i. Issue of Equity Shares against Conversion of ECB: To convert external commercial borrowings availed by the Company from Greenlite Lighting Corporation into equity shares.
- ii. Issue of Equity Shares on cash: To raise funds for the purposes of promoters' contribution under second Corporate Debt Restructuring (CDR) proposal of the Company which is under consideration by the Banks. These funds will be used for working capital requirements and for other general corporate purposes of the Company.
- iii. Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Bhushan Kumar Gupta: To convert unsecured loan availed by the Company as promoters' contribution required under CDR scheme from Mr. Bhushan Kumar Gupta into equity shares.
- iv. Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Hulas Rahul Gupta: To convert unsecured loan availed by the Company as promoters' contribution required under CDR scheme from Mr. Hulas Rahul Gupta into equity shares.
- v. Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Skybase Infra Private Limited: To convert unsecured loan availed by the Company as promoters' contribution required under CDR scheme from Skybase Infra Private Limited into equity shares.

(b) The proposal of the Promoters, Directors or Key Management Personnel to subscribe to the offer:

- (i) Issue of Equity Shares against Conversion of ECB: Greenlite Lighting Corporation, a promoter group entity will subscribe to the offer.
- (ii) Issue of Equity Shares on cash: Greenlite Lighting Corporation, a promoter group entity will subscribe to the offer.
- (iii) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Bhushan Kumar Gupta: Mr. Bhushan Kumar Gupta, one of the promoters of the Company, will subscribe to the offer.
- (iv) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Hulas Rahul Gupta: Mr. Hulas Rahul Gupta, one of the promoters of the Company, will subscribe to the offer.
- (v) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Skybase Infra Private Limited: Skybase Infra Private Limited, non-promoter entity will subscribe to the offer.

(c) Shareholding pattern before and after the preferential issue:

Category Code	Category of Shareholder	Pre-Issue		Post-Issue	
		No. of Shares	% to Total Holding	No. of Shares	% to Total Holding
A. Shareholding of Promoter and Promoter Group					
1	Indian Individuals	13,68,85,497	40.84	14,60,20,497	39.76
2	Foreign Bodies Corporate	4,51,14,500	13.47	6,56,00,473	17.86
	Total Shareholding of Promoter and Promoter Group	18,19,99,997	54.31	21,16,20,970	57.62
B. Public Shareholding					
1	Institutions				
a	Financial Institutions/Banks	1,59,75,746	4.77	1,59,75,746	4.35
2	Non-Institutions				
a	Bodies Corporate	2,24,57,826	6.70	2,24,57,826	6.11
b	Individuals				
i.	Individual Shareholders holding nominal share capital upto Rs. 1 lakh	4,56,52,566	13.62	4,56,52,566	12.43
ii.	Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	5,48,29,579	16.36	5,48,29,579	14.93
c	Trusts	42,644	0.01	42,644	0.01
d	Non Resident Indians	18,11,096	0.54	18,11,096	0.49
e	Overseas Corporate Bodies	36,40,579	1.09	36,40,579	0.99
f	Clearing members	15,79,378	0.47	15,79,378	0.43
g	Hindu Undivided Families	71,54,616	2.13	71,54,616	1.95
3	Skybase Infra Private Limited (proposed new allottee)	–	–	25,00,000	0.69
	Total Public Shareholding	15,31,44,030	45.69	15,56,44,030	42.38
	Total (A+B)	33,51,44,027	100.00	36,72,65,000	100.00

(d) **The time within which the preferential issue shall be completed:** Allotment pursuant to this Special Resolution shall be completed within a period of 15 days from the date of passing the Resolution and shall be subject to the provisions of Regulation 74 of SEBI (ICDR) Regulations, 2009. Provided that if the approval or permission by any regulatory authority or the Government for allotment is pending, the period of 15 days shall be counted from the date of such approval or permission, as the case may be.

(e) **The identity of the proposed allottee and percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to preferential issue:**

(i) Issue of Equity Shares against Conversion of ECB and Issue of Equity Shares on cash: The allottee Greenlite Lighting Corporation, Regd. Office: 115, Brunswick Blvd, Suite-102, Pointe Claire, Quebec, Canada-H9R 5N2, part of promoter group, would be holding 17.86% of the paid-up equity share capital after preferential issue. There will be no change in control of the Company. However, there will be corresponding change in the shareholding pattern as well as the voting rights. The allottee is incorporated in Canada and Ms. Tarana Nina Gupta has the ultimate control on the allottee.

(ii) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Bhushan Kumar Gupta: The allottee Mr. Bhushan Kumar Gupta, R/O: C-12, Friends Colony (East), New Delhi - 110 065, one of the promoters of the Company, would be holding 17.31% of the paid-up equity share capital after preferential issue. There will be no change in control of the Company. However, there will be corresponding change in the shareholding pattern as well as the voting rights.

- (iii) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Mr. Hulas Rahul Gupta: The allottee Mr. Hulas Rahul Gupta, R/O: C-12, Friends Colony (East), New Delhi - 110 065, one of the promoters of the Company, would be holding 22.45% of the paid-up equity share capital after preferential issue. There will be no change in control of the Company. However, there will be corresponding change in the shareholding pattern as well as the voting rights.
- (iv) Issue of Equity Shares against conversion of Unsecured Loan brought in Company from Skybase Infra Private Limited: The allottee Skybase Infra Private Limited, Regd. Office: G-367, Block-G, Jaitpur Extension-II, New Delhi - 110 044, non-promoter entity, would be holding 0.69% of the paid-up equity share capital after preferential issue. There will be no change in control of the Company. However, there will be corresponding change in the shareholding pattern as well as the voting rights. The allottee is incorporated in New Delhi and Ms. Neelam Mahesh has the ultimate control on the allottee.
- (f) **Auditors' certificate:** The certificate of Statutory Auditors of the Company to the effect that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations shall be placed before the shareholders at the meeting and will be available for inspection at the Registered Office of the Company in the manner indicated in note no.-8.
- (g) **Relevant date:** Relevant date for the purpose is 29th August 2014 which is the date 30 days prior to the date of Annual General Meeting where this preferential issue is being considered for approval.

Section 62 of the Companies Act, 2013 provides, inter-alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section unless the shareholders in general meeting decide otherwise by passing a special resolution. Therefore, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Section 42 and 62 and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of SEBI (ICDR) Regulations, 2009 and the listing agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

Except Mr. Bhushan Kumar Gupta, Mr. Hulas Rahul Gupta and their relatives, none of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested in this item of the Notice either financial or otherwise.

Your Directors recommend this resolution as a Special Resolution for your approval.

Item No. 8

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid-up capital of the Company and its free reserve requires approval by way of Special Resolution from the shareholders of the Company.

Members of the Company at the Annual General Meeting held on 27th October 2009 had authorized the Board under Section 293(1)(d) of the Companies Act, 1956 to borrow monies up to Rs. 1,500 Crores.

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company upto Rs. 2,500 Crores (Rupees Two Thousand Five Hundred Crores Only).

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested in this item of the Notice either financial or otherwise.

Your Directors recommend this resolution as a Special Resolution for your approval.

Item No. 9

The Company is required to create security for the said facilities as mentioned under Item No. 8 above in favour of the Lenders by way of creation of mortgage and/ or charge on the assets of the Company.

The said borrowings may be required to be secured by way of mortgage/ charge/hypothecate or otherwise over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180(1)(a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval by way of Special Resolution from the shareholders of the Company.

Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create mortgage/charge/hypothecate or otherwise on the assets of the Company for a value not exceeding Rs. 2,500 Crores (Rupees Two Thousand Five Hundred Crores Only).

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested in this item of the Notice either financial or otherwise.

Your Directors recommend this resolution as a Special Resolution for your approval.

By Order of the Board of Directors
For INDOSOLAR LIMITED

Place : New Delhi
Date : 12.08.2014

H.R. GUPTA
(Managing Director)
DIN: 00297722

DIRECTORS' REPORT

The Board has pleasure in presenting the Ninth Annual Report on business and operations of the Company for the year ended 31st March 2014.

1. FINANCIAL RESULTS

(Rs. in Crores)

PARTICULARS	YEAR ENDED 31ST MARCH 2014	YEAR ENDED 31ST MARCH 2013
TOTAL INCOME	18.09	55.81
PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION AND TAX	(26.01)	(25.55)
INTEREST	80.75	59.24
CASH PROFIT / (LOSS)	(106.76)	(84.79)
DEPRECIATION	30.19	39.10
PROFIT / (LOSS) BEFORE TAX	(136.95)	(123.89)
PROFIT / (LOSS) AFTER TAX	(136.95)	(123.89)
PROFIT / (LOSS) BROUGHT FORWARD	(463.94)	(340.05)
PROFIT / (LOSS) TO BE CARRIED FORWARD TO BALANCE SHEET	(600.89)	(463.94)

2. PERFORMANCE REVIEW

During the year under review, performance of the Company continued to be severely impacted due to downturn in SPV Cell industry. Added to this, large scale dumping at cheap prices of PV Cells from select countries worsened the performance of the Company. The plant remained closed during 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 has approached its Bankers for second corporate debt restructuring which is under consideration by the Banks.

During the year under review, your Company reported total income of Rs. 18.09 Crores as against Rs. 55.81 Crores last year. After making a provision of Rs. 80.75 Crores towards interest and Rs.30.19 Crores towards depreciation, the current financial year closed with a loss of Rs. 136.95 Crores as against loss of Rs. 123.89 Crores last year.

3. STATUS OF IMPLEMENTATION OF 200 MW PROJECT

The 200 MW solar cell manufacturing line upgraded to 250 MW and part of auxiliary equipments have been arrived at the factory. However, inspite of sanction of additional CAPEX for the project by CDR cell, some Banks have not released sanctioned funds and the installation of the line has been delayed due to this reason. The Company is requesting the Banks to release the undisbursed amounts approved but undisbursed by the Banks.

4. DIVIDEND

Due to non availability of profit, the Board does not recommend any dividend for the year ended 31st March 2014.

5. PAYMENT OF ANNUAL LISTING FEES

Annual listing fee for financial year 2014-2015 has been paid to National Stock Exchange of India Limited and BSE Limited.

6. DIRECTORS

Mr. Bhushan Kumar Gupta, the Executive Chairman will retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. Board recommends the same for your approval.

During the year, Mr. Arun Kumar Gupta has resigned from the Board with effect from 16th August 2013, Mr. Gurbaksh Singh Vohra has resigned from the Board with effect from 20th August 2013 and Mr. Anand Kumar Agarwal has resigned from the Board and as Whole Time Director cum Chief Financial Officer of the Company with effect from 13th February 2014.

Mr. Vidyut Manubhai Vora has been appointed as an additional director of the Company in the category of Independent and Non-Executive Director with effect from 13th February 2014 to hold the office of director upto the date of ensuing Annual General Meeting. The Board has received letter from shareholder alongwith deposit of Rs. 1,00,000/- for appointment of Mr. Vidyut Manubhai Vora as director of the Company. The Board recommends the same for your approval.

Ms. Vinati Dev has been appointed as an additional director of the Company in the category of Independent and Non-Executive Director with effect from 12th August 2014 to hold the office of director upto the date of ensuing Annual General Meeting. The Board has received letter from shareholder alongwith deposit of Rs. 1,00,000/- for

appointment of Ms. Vinati Dev as director of the Company. The Board recommends the same for your approval. Pursuant to Section 149 of the Companies Act, 2013, ("the Act") the Board has recommended appointment of Mr. Vidyut Manubhai Vora, Mr. Gautam Singh Kuthari and Ms. Vinati Dev as Independent and Non-Executive Directors of the Company, not liable to retire by rotation for a period of five years subject to approval of the Members of the Company. These Directors have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Act.

The Board recommends the same for your approval.

7. DIRECTORS REMUNERATION

During the year, the Board, considering the cash flow restraint of the Company, has decided not to pay any remuneration to the Directors of the Company with effect from 1st April 2013.

8. STATUTORY AUDITORS

The Company has received a letter from M/s B S R & Co. LLP (earlier B S R & Co.), Chartered Accountants, the Statutory Auditors of the Company expressing their willingness for re-appointment as statutory auditors and simultaneously their eligibility certificate pursuant to section 141 of the Companies Act, 2013. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to re-appoint M/s B S R & Co. LLP as Statutory Auditors of the Company for a period of four years to hold the office from conclusion of this Annual General Meeting (AGM) till the conclusion of 13th AGM, subject to ratification of their appointment at the subsequent AGMs.

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

9. STATUTORY AUDITORS' REPORT

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

- (i) As regards inability of the Company to carry on as a going concern mentioned in para 4.1 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 concerned department of the government has already activated imposition of anti-dumping duty on imports of solar cells & modules and also mandated local content condition under JNNSM scheme for revival of the industry. Notification for final findings establishing injury to solar industry has been issued and recommendation has been sent to Ministry of Finance for imposition of anti-dumping duty, which is under consideration. As such the auditors were unable to conclude on the ability of the company to carry on as a going concern.
- (ii) As regards contract for setting up solar PV power plants mentioned in para 4.2 of the Auditors' Report, it is submitted that the Company has contested the claim and also applied for extension of time for completing the project.
- (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, key policy initiatives of the government relating to anti-dumping duty, 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 during 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 till date and rectified.
- (vi) As regards accumulated losses becoming more than net worth and further cash losses incurred by the Company 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 downturn in SPV Cell industry. Added to this, large scale dumping at cheap prices of PV Cells from select countries worsened the performance of the Company. The plant remained closed during the year due to considerable fall in selling prices. Lower sales realization as well as underutilization of capacity resulted in heavy cash losses. The Company will make reference to Board for Industrial & Financial Reconstruction after finalization of annual accounts in the forthcoming Annual General Meeting.
- (vii) As regards default in repayment of dues to bankers mentioned in para (xi) of the Annexure to the Auditors' Report, it is submitted that the same was due to adverse financial condition of the Company and the Company has already approached the Banks for second corporate debt restructuring to regularize the defaults, which is under consideration by the Banks.

(viii) 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 long term application is due to losses incurred and was financed out of short term funds as there were no alternate funds with the Company.

10. COST AUDIT

The Company has filed cost audit report for the financial year ending 31st March 2013 on 10th October 2013. The Company will file cost audit report for the financial year ending 31st March 2014 within the stipulated time period.

11. APPLICABILITY OF SECTION 15 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

The accumulated losses of the Company have exceeded the net worth of the Company. As per the provisions of section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company will make reference to Board for Industrial & Financial Reconstruction after approval of financials in the ensuing Annual General Meeting.

12. DEPOSITS

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

13. PARTICULARS OF THE EMPLOYEES

There are no employees drawing remuneration as specified in section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

14. 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 - I to this report.

15. 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.

16. 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, 2014, 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, 2014 on a going concern basis.

17. 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, Andhra Bank, Bank of Baroda, Corporation 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 : 12.08.2014

B.K. GUPTA
(Chairman)
DIN: 00168071

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"> • Design of padded front bus bar solar cells • Simulation and modeling of diffusion process • Development of cost reduction model • Study and simulation of reliability of cells including Potential Induced Degradation (PID)
2. Benefits derived as a result of the above R & D	<ul style="list-style-type: none"> • Increase in cell efficiency by 0.15% absolute • Reduction in cost of production per watt
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	New cell design including front contact and diffusion profile
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:	

<p>(A)</p> <p>(a) Technology imported</p> <p>(b) Year of import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not absorbed, areas where this has not taken place, reasons therefore and future plan of action</p> <p>(B)</p> <p>(a) Technology imported</p> <p>(b) Year of import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not absorbed, areas where this has not taken place, reasons therefore and future plan of action</p> <p>ACTIVITIES RELATING TO EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS.</p>	<p>(a) Technology to manufacture solar photovoltaics multicrystalline silicon cells</p> <p>(b) 2009</p> <p>(c) Yes</p> <p>(d) Not Applicable</p> <p>(a) Selective Emitter Technology</p> <p>(b) 2012</p> <p>(c) No</p> <p>(d) Under installation and commissioning</p> <p>: Your Company is a 100% Export Oriented Company.</p>
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FOREIGN EXCHANGE EARNING AND OUTGO
(Rs. in Crores)

Particulars	For Year 2013-14	For year 2012-13
Foreign Exchange Earning	10.16	26.41
Foreign Exchange Outgo	9.15	69.04

MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry Structure and Developments

During the last few years, the solar industry has been affected due to oversupply in SPV cell segment resulting in price war due to cheap dumping from select countries and underutilization of capacities due to global industry downturn. During the period of FY 2008-2012, most of the existing players in the PV cell manufacturing segment expanded their capacities. Also several new players entered the global PV cell manufacturing segment. The largest capacity addition during this period was carried out by the Chinese Companies, making China the largest player in this segment. This led to a supply surplus scenario in this sector resulting in under-cutting of the prices, led by Chinese players. The reduction in margins and increasing losses led to shutting down of older manufacturing facilities in Western countries and even consolidation of the industry in Europe, America and China.

A number of federal policies that have helped to spur domestic demand for solar PV products have expired or reached their funding limits. Even many countries reduced subsidy support to solar sector in order to combat their fiscal deficit.

The above factors created an artificially high inventory pile-up in Asia as-well-as at European ports. This caused a severe slowdown in the operations of solar industry globally.

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 (JNNSM).
- (b) India is well suited for solar power generation with abundant sunshine in large parts of the country round the year.
- (c) Growing demand for crystalline silicon based PV cell technology in domestic as-well-as export markets.
- (d) Apart from JNNSM policy, other State Governments are running equal policies for installation of solar power projects which will also generate huge demand of solar cells in India.

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) The solar market is growing and competition is resulting decline in market share and margins.
- (g) 60% of raw material cost is silicon wafer and its manufacturing is dominated by large / limited players.
- (h) Continued dumping of PV Cells at cheap prices.

Future Outlook

The current industry situation is temporary and based on order book visibility and growth of installations in Europe, USA and Asian countries, the present global capacity surplus is projected to get wiped out within 12-18 months. Further, the domestic market is slated to explode with projects scheduled to be implemented under Jawaharlal Nehru National Solar Mission (JNNSM) and State Solar Mission. The overall domestic market is estimated to swell to the level of 20-30 GW by 2020. With the proposed up-gradation, the Company would move into top tier of the market segment, which not only provides insulation from the Chinese competition but also augments the pricing premiums.

Grid parity for solar power in India is expected to reach by 2017/2018. Solar power in India at current levels is already cheaper than electricity generated through diesel. Support from various state Governments for solar power industry is continuously increasing. Indian manufacturers of solar equipment are seeking anti-dumping duty on imports on the grounds that local industry is bleeding because of "ridiculously low" price of foreign equipment. Use of domestically manufactured 'cells and modules' has been made mandatory for all projects in the second batch of JNNSM under grid connected applications.

Risks and Concerns

Due to industry downturn and resultant fall in demand, the capacities of the Company are underutilized. The plant remained closed during the year due to considerable fall in selling prices. Despite low capacity utilization and production, the Company has to incur fixed costs.

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. 15.39 Crores as against Rs. 53.12 Crores last year. EBITDA was Rs. (-) 26.01 Crores as against Rs. (-) 25.55 Crores last year. The Company produced photovoltaic solar cells of 0.616 MWp as against 28.075 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.

CORPORATE GOVERNANCE REPORT AS ON 31ST MARCH 2014
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 provide leadership and vision to the management and supervise the functioning of the Company. The composition of the Board is governed by the Listing Agreement executed with the Stock Exchanges, the Companies Act 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 four directors as on 31st March 2014 out of which two are executive and two are non-executive independent directors. The Chairman of the Board is an executive director and half of the Board members are non-executive independent directors. The composition of the Board is in compliance with the requirements of clause 49(l)(A) of the Listing Agreement with the Stock Exchanges. All the executive 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 2014. 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 2013-14, four meetings of the Board of Directors were held on 29th May 2013, 13th August 2013, 21st November 2013 and 13th February 2014.

The eighth Annual General Meeting (AGM) of your Company was held on 30th September 2013.

The names and categories of directors on the Board, their attendance record, number of directorships and committee positions as on 31st March 2014 are mentioned below:

Name of the director	Category	Attendance at meetings during 2013-2014		Total no. of directorships including this company as on 31st March 2014	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 4)	8 th AGM on 30 th Sep. 2013		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	1	No	1	Nil	Nil	Nil	1
Mr. Hulas Rahul Gupta	Managing Director-Promoter	4	Yes	1	2	2	Nil	Nil
Mr. Anand Kumar Agarwal#	Whole Time Director	3	Yes	N.A. **	N.A. **	N.A. **	N.A. **	N.A. **
Mr. Gautam Singh Kuthari	Non-Executive Independent Director	4	No	1	Nil	Nil	2	1

Name of the director	Category	Attendance at meetings during 2013-2014		Total no. of directorships including this company as on 31st March 2014	Total no. of membership of the committees of Board		Total no. of chairmanship of the committees of Board	
		Board (out of 4)	8 th AGM on 30 th Sep. 2013		Membership in audit and investors' grievance committee	Membership in other committees	Chairmanship in audit and investors' grievance committee	Chairmanship in other committees
Mr. Arun Kumar Gupta@	Non-Executive Independent Director	1	No	N.A. **	N.A. **	N.A. **	N.A. **	N.A. **
Mr. Gurbaksh Singh Vohra\$	Non-Executive Independent Director	1	No	N.A. **	N.A. **	N.A. **	N.A. **	N.A. **
Mr. Vidyut Manubhai Vora*	Non-Executive Independent Director	1	No	1	1	Nil	Nil	Nil

#Resigned with effect from 13th February 2014.

@Resigned with effect from 16th August 2013.

\$Resigned with effect from 20th August 2013.

*Appointed in the board meeting held on 13th February 2014.

**Since they are not in the Board as on 31st March, 2014.

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 2014. The declaration from the Managing Director stating that as of 31st March 2014, 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, two of them including the Chairman are non-executive independent directors and one is executive director. All members of the Committee are financially literate and have accounting and related financial management expertise.

During the financial year 2013-14, the Audit Committee met three times on 29th May 2013, 13th August 2013 and 13th February 2014 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 (upto 15th August 2013)	1
Mr. Gautam Singh Kuthari	Chairman (from 13th February 2014)	3
Mr. Gurbaksh Singh Vohra\$	Member	1
Mr. Vidyut Manubhai Vora*	Member	1
Mr. Hulas Rahul Gupta**	Member	1

@Resigned with effect from 16th August 2013.

\$Resigned with effect from 20th August 2013.

*Appointed in the board meeting held on 13th February 2014.

**Joined audit committee on its re-constitution in the board meeting held on 13th February 2014.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE (EARLIER 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 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 2013-14, the Investors' Grievance Committee met four times on 29th May 2013, 13th August 2013, 21st November 2013 and 13th February 2014 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	3

#Resigned with effect from 13th February 2014.

5. NOMINATION AND REMUNERATION COMMITTEE (EARLIER 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

Name of the member	Chairman / Member	No. of meetings attended
Mr. Gautam Singh Kuthari	Chairman	NIL
Mr. Vidyut Manubhai Vora	Member	NIL
Ms. Vinati Dev	Member	NIL

As on 31st March 2014, there were only two non-executive independent directors in the Company as such remuneration committee was not duly constituted. However, as on 12th August 2014, the Committee was constituted as per clause 49 of the Listing Agreement.

(C) Remuneration Policy and Remuneration to Directors

Due to continued deteriorating financial condition of the Company, the Company is not paying any remuneration / sitting fees to the executive directors and non-executive directors during the year ended 31st March 2014. The details 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	NIL	NIL	54	01.07.2008
Mr. Hulas Rahul Gupta	Managing Director	NIL	NIL	25	01.07.2008
Mr. Anand Kumar Agarwal#	Whole Time Director	NIL	NIL	40	01.07.2008

#Resigned with effect from 13th February 2014.

(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
Mr. Vidyut Manubhai Vora	NIL	12,817
Ms. Vinati Dev	NIL	NIL

@Resigned with effect from 16th August 2013.

\$Resigned with effect from 20th August 2013.

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 2013-14, the Share Transfer Committee met one time on 28th October 2013. 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:

- 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 two members, namely Mr. Bhushan Kumar Gupta as the Chairman and Mr. Hulas Rahul Gupta as the members of the Committee. Both the members are executive directors of the Company.

During the financial year 2013-14, the Sub-Committee did not meet.

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
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
2012-2013	8 th	Surya Garden, Palla Bakhtawarpur Road, Village-Alipur, Delhi-110 036	Monday, 30 th September 2013	10.00 AM	NO

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 2014.

(b) Disclosure on Materially Significant Related Party Transactions

There were no materially significant related party transactions during the financial year 2013-14, 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 Company does not have any of the above issues during the year under review. The proceeds received earlier through the public issue have already been utilized by the Company.

(e) Management Discussion and Analysis Report

The Management Discussion and Analysis Report has been provided as Annexure-II 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.

(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 2014 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 2013	05	3,385
Number of shareholders who approached to the Company /registrar for transfer of shares from suspense account upto 31 st March 2014	Nil	Nil
Number of shareholders to whom shares were transferred from suspense account upto 31 st March 2014	Nil	Nil
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 2014	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 : 9th Annual General Meeting
 - Time : Tuesday, the 30th September 2014
 - Venue : 10.00 a.m.
 - Time : Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, Delhi-36
- (b) **Financial Calendar for 2014-2015 (tentative schedule)**
- Financial year : April 1 to March 31
 - Board meetings for approval of quarterly results
 - 1st quarter ended on 30th June 2014 : on or before 14th August 2014
 - 2nd quarter ended on 30th September 2014 : on or before 14th November 2014
 - 3rd quarter ended on 31st December 2014 : on or before 14th February 2015
 - Annual results for financial year ended 31st March 2015 (audited) : on or before 30th May 2015
- (c) **Book closure date** : Tuesday, 23rd day of September 2014 to Tuesday, 30th day of September 2014 (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 2013-14 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. 2013	3.05	2.30	16,21,941	3.03	2.31	5,71,956
May 2013	2.70	2.10	16,06,160	2.85	2.15	6,53,100
June 2013	2.45	1.90	14,79,516	2.45	1.85	5,92,081
July 2013	2.55	1.50	13,01,977	2.25	1.52	7,22,778
Aug. 2013	2.05	1.25	16,16,017	2.01	1.25	9,57,150
Sep. 2013	1.90	1.50	16,42,033	1.92	1.56	6,34,693
Oct. 2013	4.10	1.70	26,51,946	4.18	1.71	26,08,957
Nov. 2013	3.30	2.45	12,49,541	3.42	2.43	7,58,211
Dec. 2013	2.70	2.10	45,68,508	2.69	2.12	34,99,451
Jan. 2014	2.45	1.70	33,70,855	2.40	1.72	12,99,799
Feb. 2014	2.00	1.55	20,06,987	1.97	1.56	30,02,712
Mar. 2014	1.85	1.45	29,89,954	1.86	1.41	22,71,823

- ii. Market capitalization:

Market capitalization	NSE	BSE
As on 31st March 2014 (Rs.)	62,00,16,450	62,33,67,890

- iii. Performance in comparison to BSE Sensex:

Month	BSE Sensex		Indosolar Limited	
	High	Low	High (Rs.)	Low (Rs.)
Apr. 2013	19,622.68	18,144.22	3.03	2.31
May 2013	20,443.62	19,451.26	2.85	2.15
June 2013	19,860.19	18,467.16	2.45	1.85
July 2013	20,351.06	19,126.82	2.25	1.52
Aug. 2013	19,569.20	17,448.71	2.01	1.25
Sep. 2013	20,739.69	18,166.17	1.92	1.56
Oct. 2013	21,205.44	19,264.72	4.18	1.71
Nov. 2013	21,321.53	20,137.67	3.42	2.43
Dec. 2013	21,483.74	20,568.70	2.69	2.12
Jan. 2014	21,409.66	20,343.78	2.40	1.72
Feb. 2014	21,140.51	19,963.12	1.97	1.56
Mar. 2014	22,467.21	20,920.98	1.86	1.41

(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 2014 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	15,529	31.80	2,11,09,070	0.63
2,501-5,000	10,813	22.15	4,18,42,220	1.24
5,001-10,000	8,988	18.41	7,41,24,600	2.21
10,001-20,000	7,306	14.96	12,25,45,900	3.66
20,001-30,000	1,790	3.67	4,70,47,780	1.40
30,001-40,000	866	1.77	3,20,60,980	0.96
40,001-50,000	926	1.90	4,47,62,270	1.34
50,001-1,00,000	1,342	2.75	10,41,18,500	3.11
1,00,001 & above	1,263	2.59	2,86,38,28,950	85.45
TOTAL	48,823	100.00	3,35,14,40,270	100.00

(b) Shareholding pattern of the Company as on 31st March 2014 is as under:

Category of shareholders	No. of shares of Rs. 10 each	% to total shares
Promoter and Promoter Group	18,19,99,997	54.31
Financial Institutions/Banks	3,06,28,654	9.14
Foreign Institutional Investors	56,793	0.02
Bodies Corporate	2,31,16,283	6.90
Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,41,55,615	13.18
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4,22,97,748	12.62
Trusts	42,644	0.01
Non-Resident Indians	21,16,789	0.63
Overseas Corporate Bodies	36,40,579	1.09
Clearing Members	3,78,631	0.10
Hindu Undivided Families	67,10,294	2.00
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 2014, 33,01,02,176 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 1st April 2013	Nil
Number of complaints received during the Financial Year 2013-14	6
Number of complaints resolved upto 31st March 2014	6
Number of complaints pending as on 31st March 2014	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 2014.

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

Mr. Hulas Rahul Gupta, the Managing 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, 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 2014 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 : 12.08.2014

H.R. GUPTA
(Managing Director)
DIN: 00297722

A.K. AGARWAL
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 2014, all board members and senior management personnel have affirmed compliance with Code of Conduct of the Company.

Place : New Delhi
Date : 12.08.2014

H.R. GUPTA
(Managing Director)
DIN: 00297722

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 2014 as stipulated in the 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 best of our information and according to the explanation given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. However, as per Clause 49 of the listing agreement audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings. As per the Minutes of Audit Committee meetings of the Company only three audit committee meetings were held during the financial year. Therefore, the gap between two audit committee meetings is more than four months. Further, during the period between 20th August 2013 to 13th February 2014, the constitution of the Board and Audit Committee was not constituted in terms of clause 49 of the Listing Agreement.

We further state that such compliances 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 : 12.08.2014

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 31 March 2014, 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, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

4. Basis for disclaimer of opinion

1. *Attention is invited to note 1 (i), which explains in detail the full erosion of net worth as at 31 March 2014, reference made to BIFR in case of erosion of more than 50% of peak net worth in the year ended 31 March 2013 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 substantial part during the year ended 31 March 2014 and in the previous year ended 31 March 2013. The impact of key policy decision relating to local content requirement and incentivizing projects through Viability Gap Funding shall be known in the coming quarters. Also, some key policy decisions relating to imposition of Anti Dumping Duty and Company's eligibility for certain incentives remain unresolved.*

The actual net cash inflows during the year ended 31 March 2014 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 are unreliable and future cash flows in the light of prevailing conditions are 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.

On an overall basis the short term liabilities exceed the short term assets by Rs. 34,956.01 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 8,469.75 lakhs has become repayable as at 31 March 2014 and an amount of Rs 17,741.85 lakhs is repayable by 31 March 2015. Further, there are outstanding foreign currency liabilities for purchase of material and capital goods aggregating to Rs. 2,993.48 lakhs which are outstanding for a period of more than 3 years as at 31 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. This was also the subject matter of a modification in the previous year end.

2. *Attention is invited to note 42, which explains in detail, the status of the contract for setting up Solar Photovoltaic Power Plants that was awarded in the quarter ended 31 December 2012 aggregating to 1.6 MW to be executed till 30 June 2013, against which the Company has executed 0.1 MW until 31 March 2014. During the quarter ended 30 June 2013, the Company had filed an application seeking extension for completing the unexecuted work citing the prevailing industry condition and logistical issues. During the current year, on account of breach of terms and conditions of the agreement, MP Urja Vikas Nigam Limited (MP Urja) has served a final notice on the Company, rejecting the extension plea and deciding to cancel the work order (other than the 3 sites considered completed by MP Urja) given to the Company, for forfeiture of earnest money deposit (EMD) amounting to Rs. 60.10 lakhs, adjustment of dues amounting to Rs. 177.23 lakhs payable by MP Urja to the Company against any loss or damage arising due to non completion of the contract and imposition of penalty due to non compliance with the terms of the agreement by the Company. Management is contesting the aforesaid claims citing*

logistical issues, delay in handing over the sites and delays to issue site completion reports on part of MP Urja and has requested to recall the notice for cancellation of work orders and has further requested to allow the Company to complete the pending work allocated. The response of MP Urja is still waited. As a consequence of the claims and counterclaims as evinced through the letters exchanged between the customer and the Company, we are unable to ascertain the impact, if any, on the financial statements.

5. Disclaimer of opinion

Because of the significance of the matters described in above paragraphs, specifically relating to the multiple uncertainties created due to various 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, eligibility for incentives and the impact on demand and pricing due to 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 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, 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 & Co. LLP**
Chartered Accountants
Firm registration number: 101248W

VIKRAM ADVANI

Partner

Membership No.: 091765

Place : New Delhi
Date : 29.05.2014

ANNEXURE REFERRED TO IN PARAGRAPH 6 OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDOSOLAR LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

- (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, the Company has carried out physical verification of majority of its fixed assets during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and 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 have not been disposed off during the year and accordingly para 4 (i) (c) of the Order is not applicable.

- (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.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under section 301 of the Act. Accordingly, paras 4 (iii) (b) to (d) of the Order are not applicable. There are no firms covered in the register required under section 301 of the Act.
- (b) The Company has taken interest free loan from two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year in respect of such loan was Rs. 723.27 lakhs and the year-end balance of such loan is Rs. 723.27 lakhs. According to the information and explanation given to us, the Company has not taken any loan from companies covered in the register maintained under Section 301 of the Act.
- In our opinion, the terms and conditions on which interest free loan was taken from such parties are not, prima facie, prejudicial to the interest of the Company.
- The interest free loan taken from two parties covered in the register maintained under Section 301 of the Act are repayable at mutually agreed upon date between the Company and the lender. Further, as per the terms and condition of restructuring agreement approved by the Corporate Debt Restructuring (CDR) Cell, the above loan cannot be repaid unless the same has been approved by CDR Cell. As informed by the management and according to the terms and conditions of restructuring agreement, no amount has been repaid by the Company during the year.
- (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 Act 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, transactions made in pursuance of the arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh being the receipt of interest free unsecured loans have been made on terms and conditions which are reasonable having regard to the terms and conditions at the relevant time.
- (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 scop of work and coverage of internat audit needs to be enlarged to make it commensurate with the size of the Company and 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 Provident fund, Employees' state insurance, Income tax, Wealth tax, Excise duty and other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities. *In respect of Service tax and Work contract tax, the amounts 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, 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 31 March 2014 for a period of more than six months from the date they became payable *except for Work contract tax amounting to Rs. 0.01 lakhs. The amount has not been paid till date.*

- (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 (lakhs)#	Amount deposited	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs duty	114.71	107.12	2009-2011	Office of settlement commission
Finance Act, 1994	Service tax	194.20	177.84	2009-2011	Office of settlement commission
Central Excise Act, 1944	Excise duty	236.83	224.26*	2009-2011	Office of settlement commission

Based on the final order dated 21 May 2014 received subsequent to the year end from the settlement commission to the extent quantified in the order including interest and penalty.

*Includes Rs. 79.02 Lakhs reversed from cenvat credit receivable.

- (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 defaulted in repayment of dues to its bankers.* The Company did not have any outstanding dues to debenture holders during the year.

Nature of the lender	Nature of dues	Amount in rupees (lakhs)	Period to which it relates
Andhra Bank	Interest on secured loans	1,032.03	July 2013- March 2014
Andhra Bank	Principal amount	322.52	January 2014- March 2014
Bank of Baroda	Interest on secured loans	908.10	July 2013- March 2014
Bank of Baroda	Principal amount	314.97	January 2014- March 2014
Corporation Bank	Interest on secured loans	1,262.15	April 2013- March 2014
Corporation Bank	Principal amount	345.09	January 2014- March 2014
Indian Bank	Interest on secured loans	1,055.36	April 2013- March 2014
Indian Bank	Principal amount	254.42	January 2014- March 2014
Union Bank of India	Interest on secured loans	1,772.82	April 2013- March 2014
Union Bank of India	Principal amount	1202.29	January 2014- March 2014

- (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. 14,774.87 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 & Co. LLP**
Chartered Accountants
Firm registration number: 101248W

VIKRAM ADVANI
Partner
Membership No.: 091765

Place : New Delhi
Date : 29.05.2014

BALANCE SHEET AS AT 31ST MARCH 2014

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	NOTE	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	2	34,464.40	34,464.40
(b) Reserves and surplus	3	(38,601.64)	(24,906.28)
		(4,137.24)	9,558.12
2 Non-current liabilities			
(a) Long-term borrowings	4 and 6	72,927.59	84,483.20
(b) Other long-term liabilities	7	6,688.70	5,633.05
(c) Long-term provisions	8	16.58	30.51
		79,632.87	90,146.76
3 Current liabilities			
(a) Short-term borrowings	5	7,239.24	4,416.08
(b) Trade payables	9	1,410.15	4,328.60
(c) Other current liabilities	10	31,910.34	5,751.06
(d) Short-term provisions	8	1.44	7.06
		40,561.17	14,502.80
	TOTAL	116,056.80	114,207.68
ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11(a)	49,160.37	52,176.34
(ii) Intangible assets	11(b)	1.44	3.78
(iii) Capital work-in-progress	11(c)	56,911.00	50,048.56
		106,072.81	102,228.68
(b) Deferred tax assets (net)	12	–	–
(c) Long-term loans and advances	13	1,126.74	1,509.54
(d) Other non-current assets	14	3,252.09	3,091.97
		4,378.83	4,601.51
2 Current assets			
(a) Inventories	15	3,672.41	4,045.17
(b) Trade receivables	16	331.48	1,783.10
(c) Cash and bank balances	17	221.12	294.65
(d) Short-term loans and advances	13	1,311.46	1,182.30
(e) Other current assets	14	68.69	72.27
		5,605.16	7,377.49
	TOTAL	116,056.80	114,207.68
Significant accounting policies	1		

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

2 to 45

As per our report attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

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

VIKRAM ADVANI

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2014

B.K. GUPTA

Chairman

DIN:00168071

Place : New Delhi

Date : 29.05.2014

H.R. GUPTA

Managing Director

DIN:00297722

Place : New Delhi

Date : 29.05.2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS		For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
1 Revenue from operations			
Sale of product (gross)	18	1,539.33	5,313.31
Less : excise duty		0.45	1.76
Sale of product (net)		1,538.88	5,311.55
Other operating revenue	18	27.97	11.79
2 Other income	19	242.58	256.90
3 Total revenue		1,809.43	5,580.24
4 Expenses			
Cost of material consumed	20	101.54	5,690.88
Purchase of stock in trade	21	518.67	146.37
Change in inventories of finished goods and work in progress	22	621.09	(1,087.01)
Employee benefits expenses	23	313.05	893.25
Other expenses	24	2,856.28	2,585.23
Total expenses		4,410.63	8,228.72
5 (Loss) before finance costs, depreciation /amortisation cost and exceptional items		(2,601.20)	(2,648.48)
6 Finance costs	25	8,075.45	5,924.42
7 Depreciation and amortisation expenses	26	3,018.70	3,909.78
8 (Loss) before exceptional items and tax		(13,695.35)	(12,482.68)
Exceptional items gain/ (loss)	6 (iii) (f)	-	93.82
Loss before tax		(13,695.35)	(12,388.86)
Tax expense		-	-
(Loss) for the year		(13,695.35)	(12,388.86)
(Loss) per equity share (par value Rs. 10 per share)	27		
- Basic		(4.09)	(3.70)
- Diluted		(4.09)	(3.70)
Significant accounting policies	1		

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

2 to 45

As per our report attached.

 For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

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

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2014

B.K. GUPTA

Chairman

DIN:00168071

Place : New Delhi

Date : 29.05.2014

H.R. GUPTA

Managing Director

DIN:00297722

Place : New Delhi

Date : 29.05.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(13,695.35)	(12,388.86)
Adjustments for:		
Depreciation	3,018.70	3,909.78
Loss on sale of fixed assets	–	0.35
Profit on sale of investments	–	(0.35)
Interest expense	7,959.58	5,776.38
Interest income from fixed deposits	(241.17)	(248.38)
Interest from investments	–	(0.18)
Interest on income tax refund	(1.36)	(7.99)
Excess provision no longer required written back	(5.11)	–
Provision for doubtful debts	37.08	–
Bad debts written off	131.98	–
Demurrage/detention charges	1,308.36	–
Unrealised exchange loss (net)	624.04	69.58
Operating profit before working capital changes	(863.25)	(2,889.67)
Changes in operating assets and liabilities:		
(Decrease)/increase in provisions	(19.55)	1.34
(Decrease)/increase in trade payables	(3,396.66)	1,798.53
Decrease in other current assets	49.57	104.96
Decrease/(Increase) in trade receivables	1,288.58	(654.37)
Decrease/(increase) in inventories	372.76	(834.57)
Decrease/(increase) in loans and advances	115.02	(292.24)
Increase in other current liabilities	170.98	118.27
Cash used from operations	(2,282.55)	(2,647.75)
Direct taxes (paid)/ received (net of refund)	11.08	55.95
Net cash used from operations	(2,271.47)	(2,591.80)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(651.36)	(7,874.98)
Proceeds from sale of fixed asset	–	1.02
Proceeds from fixed deposits on maturity	247.69	470.50
Amount invested in fixed deposit	–	(340.88)
Proceeds from sale of investments in money markets mutual fund	–	10.00
Interest received	35.36	62.96
Net cash used from investing activities	(368.31)	(7,671.38)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

PARTICULARS	For the year ended 31st March, 2014	For the year ended 31st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	–	950.00
Proceeds from loan taken	7,167.29	15,433.66
Repayment of loans	(2,223.38)	(911.17)
Interest paid	(2,129.67)	(5,817.25)
Net cash generated from financing activities	2,814.24	9,655.24
Net increase in cash and cash equivalents	174.46	(607.94)
Opening cash and cash equivalents	25.89	633.83
Add: Exchange loss/(gain) on foreign currency in hand	–	–
Closing cash and cash equivalents	200.35	25.89
Cash and cash equivalent comprises:		
Cash in hand	0.14	0.72
Balances with scheduled banks	200.21	25.17
	200.35	25.89

Notes:

- a) The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 – Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- (b) 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 & Co. LLP**

Chartered Accountants

Firm registration number: 101248W

VIKRAM ADVANI

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2014

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

B.K. GUPTA

Chairman

DIN:00168071

Place : New Delhi

Date : 29.05.2014

H.R. GUPTA

Managing Director

DIN:00297722

Place : New Delhi

Date : 29.05.2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**(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 continued to incur significant losses in the year ended 31 March 2014 resulting in full erosion of its net worth as at 31 March 2014. During the previous year, on erosion of more than 50% of peak net worth, the Company made reference to BIFR (Board of Industrial and Financial Reconstruction) on 22 November 2013 in accordance with the requirements of Sick Industrial Companies Act, 1985.

The Solar industry 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. The Company has been unable to utilise its capacity as the prices of solar cells in demand did not yield margins owing to higher cost of production of solar cells and consequently, the plant has remained shut for a significant part of the current year ended 31 March 2014 and previous year ended 31 March 2013. Due to the prevailing conditions, the actual net cash inflows in the year ended 31 March 2014 and year ended 31 March 2013 have been 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 continues to be unreliable and future cash flows in the light of prevailing conditions are 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.

As at 31 March 2014, the networth is fully eroded. On an overall basis the short term liabilities exceed the short term assets by Rs. 34,956.01 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 8,469.75 lakhs has become repayable as at 31 March 2014 and an amount of Rs 17,741.85 lakhs is repayable by 31 March 2015. Also, there are outstanding foreign currency liabilities for purchase of material and capital goods aggregating to Rs. 2,993.48 lakhs which are outstanding for a period of more than 3 years as at 31 March 2014. Further as explained in Note 35, the Company has not met its NFE obligations 5 years after commencement of business nor has it been able to set up Line C within the stipulated time permitted under Custom regulations in respect of duty free import of capital goods.

During the current year, there have been some key policy announcements in the guidelines issued under the 'Jawaharlal Nehru National Solar Mission (JNNSM), Phase-II, Batch-I' that provided for bidding with domestic content requirement (both PV/ thin film based cells and modules must be manufactured in India). Also, the guidelines provide that such projects shall be incentivised by way of 'Viability Gap Funding' and the extent of funding shall be determined basis the project cost of setting up of such projects. The impact of these policy decisions in terms of pricing and orders placed on the Company shall be known only in the next few quarters. Further, certain key decisions that are much awaited for providing a sustained impetus remains 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, wherein subsequent to the year end, on 22 May 2014, notification for final findings has been issued by Ministry of Commerce & Industry recommending anti dumping duty to be imposed. The recommendation is pending with the Central Government for their consideration ; and b) eligibility of the Company for certain capital incentives.

The above factors create multiple uncertainties and the effect thereof on the financial statements, if any, is not ascertainable. 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 explained above.

ii. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates for provision for doubtful debts, future obligations under employee

retirement benefit plans and estimated useful life of fixed assets and estimates of future cash flow for impairment testing. Difference between the actual results and estimates are recognised in the year in which such results are materialised. Any revision to accounting estimates is recognised in accordance with the requirements of the respective Accounting Standard, generally prospectively, in current year and future periods.

iii. Current and 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.

iv. 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. The amount recognised as revenue is exclusive of duties, taxes and is net of returns and discounts.

Interest income

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

v. 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.

vi. 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.

vii. 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.

viii. 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.

ix. 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.

x. 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.

xi. 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.

xii. 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.

xiii. 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.

xiv. Employee benefits

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

Short- term employee benefits:

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

Post employment benefits

- Defined contribution plan

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

- Defined benefit plans

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

- Other long term employee benefit:

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

xv. Provisions and contingencies

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

xvi. 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 2014

(All amounts in Rupees lakhs, unless otherwise stated)

2. SHARE CAPITAL

Particulars	As at	
	31st March, 2014	31st March, 2013
Authorised share capital		
400,000,000 (Previous year 400,000,000) equity shares of Rs. 10 each	40,000.00	40,000.00
100,000,000 (Previous year 100,000,000) preference shares of Rs. 10 each	10,000.00	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 9,500,000) preference shares of Rs. 10 each	950.00	950.00
Total	34,464.40	34,464.40

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

Equity Shares	As at		As at	
	31st March, 2014		31st March, 2013	
	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	9,500.00	950.00	–	–
Add : Fresh issue of share	–	–	9,500.00	950.00
At the end of the year	9,500.00	950.00	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 previous year, the Company has issued zero coupon 9,500,000 non convertible, non cumulative redeemable preference shares having par value of Rs. 10 each per share. 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		As at	
	31st March, 2014		31st March, 2013	
	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	45,114.50	13.46%	70,114.50	20.92%
Preference shares of Rs. 10 each fully paid				
Golden Equity Private Limited	9,500.00	100.00%	9,500.00	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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 31 March 2014

- (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 31 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. 24 September 2009.
- (ii) No shares have been bought back during the five-year period ended 31 March 2014 and 31 March 2013.

3. RESERVES AND SURPLUS

Particulars	As at 31st March, 2014	As at 31st March, 2013
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	(46,393.86)	(34,005.00)
Add: (Loss) for the year	(13,695.36)	(12,388.86)
Net (loss) in the Statement of Profit and Loss	(60,089.22)	(46,393.86)
Total Reserves and surplus	(38,601.64)	(24,906.28)

4. LONG TERM BORROWINGS *

Particulars	Non-current portion		Current maturities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Facility A - Term Loan (secured) # @	29,989.98	33,445.83	4,481.26	1,034.41
Facility B - Priority Medium Term Loan (secured) # @	–	9,748.91	10,070.67	–
Facility C - Working Capital Term Loan (secured) # @	8,612.59	9,602.54	1,286.94	296.99
Facility D - Funded Interest Term Loan (secured) # @	8,459.87	8,164.17	735.64	252.50
Term loan from Union Bank (secured) @	860.00	712.59	128.51	22.04
Deferred Payment Liability (refer note 6(iii)(c)) (secured) @	23,276.66	21,856.23	3,478.12	675.97
Vehicle loan (secured)	–	2.93	–	0.29
Loan from related party:				
Loan from shareholders (unsecured) {Refer note 6 (i) and note 44}	1,478.49	950.00	–	–
Loan from other parties (unsecured) {Refer note 6 (ii)}	250.00	–	–	–
	72,927.59	84,483.20	20,181.14	2,282.20
Total above amount includes				
Secured borrowings	71,199.10	83,533.20	20,181.14	2,282.20
Unsecured borrowings	1,728.49	950.00	–	–
	72,927.59	84,483.20	20,181.14	2,282.20
Less: Amount disclosed under "other current liabilities" (Refer note 10)	–	–	(20,181.14)	(2,282.20)
	72,927.59	84,483.20	–	–

* Refer note 6

Also refer note 6 (iii) (b)

@ Also refer note 6 (iii) (g)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

5. SHORT TERM BORROWINGS *

Particulars	As at 31st March, 2014	As at 31st March, 2013
Cash credit loans repayable on demand (secured)	4,123.75	2,204.92
Buyers credit (secured)	–	1,053.72
Short term borrowing from bank	3,115.49	–
Bill discounted (secured)	–	1,157.44
	7,239.24	4,416.08
Total above amount includes		
Secured borrowings	7,239.24	4,416.08
Unsecured borrowings	–	–

* Refer note 6

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

Nature of Security

a) Facility A - Term Loans [Rs. 34,471.24 (Previous year: Rs. 34,480.24)]

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

b) Facility B - Priority Medium Term Loan [Rs. 10,070.67 (Previous year: Rs. 9,748.91)]

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

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

The facility is secured as described in (a) above

Terms of repayment and rate of interest

Repayment term:

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

Rate of interest:

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

Repayment term:

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

Rate of interest:

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

Repayment term:

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

Rate of interest:

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

d) Facility D - Funded Interest Term Loan ('FITL') [Rs. 9,195.51 (Previous year: Rs. 8,416.67)]

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 31 March 2013 and will be increased to 10.75% w.e.f. 1 April 2013.

e) Term loan from Union Bank [Rs. 988.51 (Previous year: Rs. 734.63)]

The facility is secured as described in (a) above

Repayment term:

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

Rate of interest:

Interest shall be charged @ 11.00% p.a.

f) Deferred Payment Liability [Rs. 26,754.78 (Previous year: Rs. 22,532.20)]

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 [Nil (Previous year: Rs. 3.22)]

Vehicle loan is secured by the hypothecation of specific vehicle.

The loan is repayable in 35 equated monthly installments in accordance with terms and conditions of bank started from 1 Nov 2010 till 01 Sept 2013.

h) Cash credit loan repayable on demand [Rs. 4,123.75 (Previous year: Rs. 2,204.92)]

(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. and is reviewed on annual basis.

i) Short term borrowings [Rs. 3,115.49 (Previous year Nil)]

The facility is secured as described in (h) above

Repayment term:

The loan is repayable on demand.

Rate of interest:

Interest shall be charged @ 10.75% p.a.

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

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.

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

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 1 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 30 January 2012 approved a restructuring package in terms of which the loans as of 1 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 7 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. 28 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 1 July 2011, in the financial statements for the year ended 31 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 5 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.

During the current year, the Company has received interest free unsecured loan from a party amounting to Rs. 250.00 towards meeting expenses for CDR-2. The unsecured loan shall be converted into 2,500,000 zero coupon redeemable non convertible non cumulative preference shares of face value of Rs. 10 each on approval from shareholders.

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 1 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 1 July 2011 i.e. the Cut-off date was rescheduled and converted into "Priority Medium Term Loan" as Facility -B;
- Irregularity as on 31 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 30 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 31 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 31 March 2014 and 31 March 2013 amount to Rs. 26,754.78 and Rs. 22,532.20 respectively.
- 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. 300.00 (previous year 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 1 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. 21.76 (previous year 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 1 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 31 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 31 March 2012. However, the same has been signed on 5 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 1 July 2011 to 31 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 31 March 2012 to Funded Interest Term Loan in accordance with the restructuring package does not require any modification.

g) Default in repayment of loan and interest

As per the terms of the first Corporate Debt Restructuring package, 3% of principal amount aggregating to Rs. 2,439.29 became due during the year ended 31 March 2014. Further, the interest outstanding as at 31 March 2014 on the term loans amounts to Rs. 6,030.46.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

7. OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Creditor for capital goods	6,688.70	5,633.05
	6,688.70	5,633.05

8. PROVISIONS

Particulars	Long term		Short term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits				
- Provision for gratuity [net of fair value of plan assets Rs. 72.17 (previous year Rs. 66.36)]	–	–	–	–
- Provision for compensated absences	16.58	30.51	1.44	7.06
	16.58	30.51	1.44	7.06

9. TRADE PAYABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables **	1,410.15	4,328.60

** 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 26 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 31 March 2014 and 31 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. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term borrowings (Refer note 4)	20,181.14	2,282.20
Interest accrued but not due on long term borrowings	–	205.26
Interest accrued and due on long term borrowings	6,030.46	11.94
Interest accrued and due on short term borrowings	16.65	–
Creditor for capital goods	4,690.57	2,431.12
Other payables		
Claim against compensation payable	491.57	444.86
Salary, wages and bonus payable	173.78	228.13
Advance from customers	213.57	53.94
Tax deducted at source payable	1.21	21.19
Customs duty payable	–	58.56
Other statutory dues payable	111.39	13.86
	31,910.34	5,751.06

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)
 (All amounts in Rupees lakhs, unless otherwise stated)

11 (a) TANGIBLE FIXED ASSETS
AS AT 31ST MARCH, 2014

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 1 April, 2013	Additions during the year	Disposals	As at 31 March, 2014	As at 1 April, 2013	Depreciation charged for the year	Disposals	As at 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Leasehold land #	2,581.03	–	–	2,581.03	138.32	29.56	–	167.88	2,413.15	2,442.71
Building - Factory	3,519.49	–	–	3,519.49	465.43	117.55	–	582.98	2,936.51	3,054.06
Building - Non Factory	1,403.32	–	–	1,403.32	91.81	23.42	–	115.23	1,288.09	1,311.51
Building (temporary structure)	14.35	–	–	14.35	14.35	–	–	14.35	–	–
Plant and machinery	58,165.64	–	–	58,165.64	13,471.13	2,774.23	–	16,245.36	41,920.28	44,694.51
Furniture and fixtures	590.44	–	–	590.44	143.71	37.06	–	180.77	409.67	446.73
Office equipment	67.03	0.33	–	67.36	18.56	4.04	–	22.60	44.76	48.47
Vehicles	288.75	–	–	288.75	124.90	24.43	–	149.33	139.42	163.85
Computers	38.42	0.06	–	38.48	23.92	6.07	–	29.99	8.49	14.50
Total	66,668.47	0.39	–	66,668.86	14,492.13	3,016.36	–	17,508.49	49,160.37	52,176.34

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	14,492.13	52,176.34	56,081.86

Leasehold land was revalued by an independent valuer as on 31 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, 2014

Particulars	Gross block				Accumulated amortisation				Net block	
	As at 1 April, 2013	Additions during the year	Disposals	As at 31 March, 2014	As at 1 April, 2013	Amortisation for the year	Disposals	As at 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Intangible fixed assets										
Computer Software	12.11	–	–	12.11	8.33	2.34	–	10.67	1.44	3.78
Total	12.11	–	–	12.11	8.33	2.34	–	10.67	1.44	3.78

AS AT 31ST MARCH, 2013

Particulars	Gross block				Accumulated Amortisation				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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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 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
Balance as at 1 April 2013	-	2,375.41	-	-	47,673.15	-	-	-	-	50,048.56
Additions**	-	356.78	-	-	6,505.66	-	-	-	-	6,862.44
Assets capitalised during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2014	-	2,732.19	-	-	54,178.81	-	-	-	-	56,911.00

** Borrowing cost of Rs. Nil (previous year Rs. 318.92) and amortised ancillary cost of Rs. Nil (previous year Rs. 49.44) have been included in additions to capital work-in-progress. Capital work in progress includes exchange differences amounting to Rs. 5,784.82 (previous year Rs. 487.42) 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. Nil (previous year Rs. 34.96) on account of directly attributable expenses.

It also includes the reversal of capitalisation of demurrage/ detention charges that were paid at the time of removal of imported consignment of plant and machinery that had been lying for a significant period of time at the bonded warehouse aggregating to Rs. 1,254.51 (net of waiver received) (Also refer note 43).

12. DEFERRED TAX ASSETS / LIABILITY

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred tax liability		
Impact of depreciation/ amortisation allowed as per the books of accounts and allowed as per the Income tax Act, 1961	7,337.47	6,597.09
Deferred tax assets		
Brought forward losses as per tax laws *	7,337.47	6,597.09
	-	-

* 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, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Capital advances	996.57	1,125.48	-	-
Security deposits	64.88	163.80	-	-
Advances recoverable in cash or in kind				
Excise duty paid under protest	-	145.26	-	-
Balance with statutory/ government authorities	-	-	1,208.99	1,009.59
Advance tax [net of provision Rs. 13.40 (previous year Rs. 13.40)]	65.29	75.00	-	-
Prepaid expenses	-	-	61.14	33.77
Advance to vendors/suppliers	-	-	34.01	131.71
Advance to employees	-	-	7.32	7.23
Sub total	65.29	220.26	1,311.46	1,182.30
	1,126.74	1,509.54	1,311.46	1,182.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)
 (All amounts in Rupees lakhs, unless otherwise stated)

14. OTHER ASSETS

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Non current bank balances (Refer note 17)	2,390.30	2,390.00	–	–
Export incentive receivable	–	–	16.94	16.94
Unamortised ancillary cost of arranging the borrowings	223.69	273.13	49.44	49.57
	2,613.99	2,663.13	66.38	66.51
Others				
Interest accrued but not due on fixed deposit	638.10	428.84	2.31	5.76
	638.10	428.84	2.31	5.76
	3,252.09	3,091.97	68.69	72.27

15. INVENTORIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw material and components	1,117.77	879.24
Finished goods	2,100.82	2,721.91
Stores, spares and other consumables	453.82	444.02
	3,672.41	4,045.17

Raw Material

After adjusting for write down amounting to Rs. 117.45 (previous year Rs. 36.64) to its net realisable value.

Finished goods

After adjusting for write down amounting to Rs. 423.28 (previous year Rs. 878.98) to its net realisable value.

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, considered good	175.52	231.63
Unsecured, considered doubtful	169.13	132.05
	344.65	363.68
Less: Provision for doubtful debts	(169.13)	(132.05)
- Others receivables *	155.96	1,551.47
	331.48	1,783.10

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

17. CASH AND BANK BALANCES

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Cash and cash equivalents				
Balance with banks:				
On current account	–	–	200.21	25.17
Cash on hand	–	–	0.14	0.72
	–	–	200.35	25.89
Other bank balances				
Deposits with bank with maturities more than 12 months #	2,390.30	2,390.00	–	–
Deposits with bank with maturities more than 3 months and less than 12 months *	–	–	20.77	268.76
	2,390.30	2,390.00	20.77	268.76
Amount disclosed under non current assets (Refer note 14)	(2,390.30)	(2,390.00)	–	–
	–	–	221.12	294.65

* Fixed deposits includes Rs. Nil (previous year Rs. 228.68) under lien for letter of credit issued by the bank and Rs. 0.10 (previous year Rs. 40.08) as margin money against guarantees issued by bank.

Fixed deposits includes Rs. 2,390.30 (previous year Rs. 2,390.00) 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.

18. REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Sale of product		
Sale of products - finished goods (gross)	950.61	5,171.71
Sale of products - traded goods	588.72	141.60
Less : Excise duty	0.45	1.76
Sale of products (net)	1,538.88	5,311.55
Other operating revenue		
Scrap sale	22.86	11.79
Provision no longer required written back	5.11	–
	27.97	11.79
Break-up of revenue from sale of products		
Solar cells	950.15	5,169.95
Solar module	412.54	141.60
Power plants	176.19	–
	1,538.88	5,311.55

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

19. OTHER INCOME

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Interest income on bank deposits	241.17	248.38
Interest income on current investments	–	0.18
Interest income on others	1.41	7.99
Profit on sale on investment	–	0.35
	242.58	256.90

20. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Inventory at the beginning of the year	879.24	1,246.62
Add : Purchases	340.07	5,323.50
Less : Inventory at the end of the year	1,117.77	879.24
Cost of raw material consumed	101.54	5,690.88

Detail of material consumed

Silicon multi-crystalline wafers	90.28	3,747.94
Conductor paste	2.99	1,543.87
Chemicals	3.15	182.95
Screens	2.73	105.28
Gases	2.39	110.84
	101.54	5,690.88

Detail of inventory

Silicon multi-crystalline wafers	454.22	285.06
Conductor paste	390.03	321.42
Chemicals	228.97	230.41
Screens	34.36	31.70
Gases	10.19	10.65
	1,117.77	879.24

21. PURCHASE OF STOCK IN TRADE

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Purchase of stock in trade (solar panel and modules)	518.67	146.37

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

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

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Inventories at the beginning of year		
- Finished goods	2,721.91	1,634.90
Inventories at the end of year		
- Finished goods	2,100.82	2,721.91
Decrease/(increase) during the year	621.09	(1,087.01)
Detail of inventory		
Finished goods		
Solar cells	1,994.88	2,641.58
Solar modules	29.79	8.48
Broken cells	47.86	47.86
Rejected cells	28.29	23.99
	2,100.82	2,721.91

23. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Salaries, wages and bonus	265.89	796.75
Contribution to provident and other funds	27.25	73.73
Gratuity	1.03	5.94
Staff welfare expenses	18.88	16.83
	313.05	893.25

24. OTHER EXPENSES

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Advertisement and sales promotion	16.59	15.17
Selling and distribution expenses	54.36	65.33
Commission on sales *	3.52	106.65
Fuel and power	65.22	1,051.10
Equipment rental charges (Refer note 29)	54.24	316.29
Loading and unloading charges	4.83	15.67
Spares consumed	2.24	101.52
Consumable stores	3.33	91.16
Travel and conveyance	39.31	70.23
Legal and professional	146.88	206.74
Rent (Refer note 29)	0.90	-
Foreign exchange loss (net)	694.44	103.34
Loss on sale of fixed assets	-	0.35
Insurance	44.14	49.25
Communication	25.51	44.76
Repair and maintenance :		
- Plant and machinery	3.90	91.49
- Vehicle	38.46	46.37
- Others	8.30	21.92
Rates and taxes	139.63	117.28
Provision for doubtful debts	37.08	-
Bad debts written off	131.98	-
Demurrage/detention charges (Refer note 43)	1,308.36	-
Miscellaneous expenses	33.06	70.61
	2,856.28	2,585.23

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (CONTD.)

(All amounts in Rupees lakhs, unless otherwise stated)

25. FINANCE COSTS

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Interest expense on		
- Term loan*	7,120.79	5,646.34
- Working capital	824.32	179.26
- Bill discounting	14.47	44.60
Bank charges	115.87	54.22
	8,075.45	5,924.42

* Excludes Rs. Nil (previous year Rs. 93.82), the effect of interest credit given by Indian Bank, 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, 2014	For the year ended 31st March, 2013
Depreciation on tangible assets	3,016.36	3,907.37
Amortisation on intangible assets	2.34	2.41
	3,018.70	3,909.78

27. EARNING PER EQUITY SHARE (EPS)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Net loss as per the Statement of Profit and Loss	(13,695.35)	(12,388.86)
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)	(4.09)	(3.70)

28. Commitments

- Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 8,268.18 (previous year Rs. 8,653.13).
- 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. 55.14 (previous year: Rs. 316.29).

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Minimum lease payments		
Not later than one year	–	280.80
Later than one year and not later than five years	–	16.60
Later than five years	–	–
Total	–	297.40

30. CIF value of imports

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw material	331.06	4,934.05
Capital goods	2,020.72	28,102.19
Components and spare parts	18.28	159.09
Total	2,370.06	33,195.33

31. Expenditure in foreign currency (accrual basis)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Commission on sales	3.52	106.65
Legal and professional	5.25	3.36
Travelling expenses	3.54	3.91
Finance cost	535.95	400.32
Testing charges	–	3.51
Repairs and maintenance	–	1.61
Other expenses	3.92	–
Total	552.18	519.36

32. Earning in foreign currency

Particulars	As at 31st March, 2014	As at 31st March, 2013
FOB value of exports#	1,015.79	2,640.83
Total	1,015.79	2,640.83

#Includes deemed exports to EOU/SEZ units amounting to Rs. 891.40 (previous year Rs. 2,446.98) .

33. The Company's foreign currency exposure on account of payables not hedged as on 31 March 2014 and 31 March 2013 is as follow:

Particulars	Amount in Foreign Currency	Amount in Rs.
EURO	468.39 (445.20)	38,677.84 (31,281.77)
US Dollar	11.29 (61.38)	678.68 (3,015.57)

Previous year figures are given in brackets

34. The Company's foreign currency exposure on account of receivables not hedged as on 31 March 2014 and 31 March 2013 is as follow:

Particulars	Amount in Foreign Currency	Amount in Rs.
Receivables:		
US Dollar*	0.90 (4.04)	42.85 (179.64)
EURO	0.57 (1.11)	40.97 (70.45)

* Net of advance from customer current year Nil previous year 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. 106,746.62 lakhs till 31 March 2014. Such machinery and raw material have been imported without payment of customs duty, being an Export Oriented Unit, on the basis of an undertaking given to customs authorities that the Company shall be able to earn a positive Net Foreign Exchange within ten years from the commencement of its operation. At current year end (i.e. after five years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 26,120.04 lakhs. As explained in Note 1, the ability of the Company to meet its export obligations over the next 5 years is dependent on various factors which have created multiple uncertainties, the effect of which, is not ascertainable at present.

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:

- i) Other key managerial personnel
Mr. A.K Agarwal
- ii) Party holding significant influence over the enterprise
Greenlite Lighting Corporation

c) Transactions with related parties

Transactions during the year	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Managerial Remuneration		
Mr. H.R Gupta	-	48.00
Mr. B.K Gupta	-	48.00
Mr. A.K Agarwal	-	38.40
Advance for supply of goods :		
Greenlite Lighting Corporation	191.02	-
Unsecured loan received from :		
Mr. H.R Gupta	203.65	-
Mr. B.K Gupta	101.00	-
Greenlite Lighting Corporation (Also refer note 44)	223.82	-

*The loan facilities have been secured by pledge of 100% of the equity share capital held by the parties and by way of personal guarantees given by the parties.

d) Outstanding balance as at year end

Particulars	As at 31st March, 2014	As at 31st March, 2013
Payables:		
Mr. B.K Gupta	-	12.92
Mr. H.R Gupta	-	14.65
Mr. A.K Agarwal	-	14.68
Unsecured loan:		
Mr. H.R Gupta	203.65	-
Mr. B.K Gupta	519.62	418.62
Greenlite Lighting Corporation	755.21	531.38
Advance for supply of goods:		
Greenlite Lighting Corporation	191.02	-

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. 25.87 (Previous year Rs. 69.36) 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, 2014	As at 31st March, 2013
Changes in the present value of defined benefit obligation		
Projected benefit obligation at the beginning of the year	46.67	36.01
Current service cost	10.88	12.15
Interest cost	3.97	4.14
Benefits paid	–	–
Actuarial gain/ (loss)	(8.01)	(5.63)
Past service cost	–	–
Projected benefit obligation at the end of the year	53.51	46.67
Changes in the fair value of the plan assets		
Fair value of the plan assets in the beginning of the year	66.36	51.85
Expected return on plan assets	5.81	3.87
Contributions	–	9.53
Actuarial gain/ (loss)	–	1.11
Fair value of the plan assets in the end of the year	72.17	66.36
Amount recognised in the Balance Sheet		
Projected benefit obligation at the end of the year	53.51	46.67
Fair value of the plan assets in the end of the year	(72.17)	(66.36)
Funded status of the plans liabilities	–	–
Present value of unfunded obligation	–	–
Unrecognised past service cost	–	(0.05)
Amount not recognised as an Asset (limit in para 59 (b))	–	0.50
Liability/ (asset) recognised in the Balance Sheet *	(18.66)	(19.24)
Gratuity expenses recognised in the Statement of Profit and Loss		
Current service cost	10.88	12.15
Interest cost	3.97	4.14
Expected return on plan assets	(5.81)	(3.87)
Net actuarial (gain) recognised in the year	(8.01)	(6.75)
Loss on "acquisition/divestiture"	–	–
Past service cost	–	0.03
Effect of limit in para 59 (b)	–	0.22
Net gratuity cost	1.03	5.93

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

c) Experience adjustment

Particulars	Period ended			
	31st March, 2011	31st March, 2012	31st March, 2013	31st March, 2014
Defined benefit obligation	24.25	36.01	46.67	53.51
Plan assets	21.21	51.85	66.36	72.17
Surplus/(Deficit)	(3.04)	15.84	19.69	18.66
Experience adjustment on plan liabilities	4.65	(0.34)	(9.33)	8.01
Experience adjustment on plan assets	(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 sheet date is as under:

Particulars	As at 31st March, 2014	As at 31st March, 2013
Economic assumptions		
Discount rate	8.50%	7.95%
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.	Indian Assured Lives Mortality (2006-08) Ult.
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, 2014	For the year ended 31st March, 2013
Segment revenue		
Domestic	1,414.49	5,119.19
Overseas	124.39	192.36
Total	1,538.88	5,311.55
	As at 31st March, 2014	As at 31st March, 2013
Segment assets *		
Domestic	115,538.20	113,355.17
Overseas	518.60	852.51
Total	116,056.80	114,207.68
Addition to fixed assets		
Domestic	6,862.83	7,996.11
Overseas	–	–
Total	6,862.83	7,996.11

* 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 contracts mentioned in the prospectus dated 18th September, 2010, vary/ amend/ alter the utilisation of net proceeds inter se one or other of the purposes for their utilisation, described in the said prospectus on even date and utilise any part of the net proceeds for a purpose or purposes other than those described in the said prospectus. The funds raised and utilised by the Company are as under:

Particulars	As at 31st March, 2014	As at 31st March, 2013
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	14,386.21
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	–	–
Total	35,700.00	35,700.00

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, 2014		As at 31st March, 2013	
	Amount	%	Amount	%
Imported	93.77	92.34%	5,359.83	94.18%
Indigenous	7.78	7.66%	331.05	5.82%
Total	101.54	100.00%	5,690.88	100.00%

(ii) Stores and spares

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Amount	%	Amount	%
Imported	0.37	0.55%	30.85	30.39%
Indigenous	67.09	99.45%	70.67	69.61%
Total	67.46	100.00%	101.52	100.00%

41. Contingent liabilities

Particulars	As at 31st March, 2014	As at 31st March, 2013
Excise duty demand pending settlement	–	76.76
Service tax demand pending settlement	–	1,903.71
Custom duty demand pending settlement*	9,430.19	–
Total	9,430.19	1,980.47

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

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 12 September 2012, through a tender process during the quarter ended 31 December 2012. The contract

included design, engineering, supply, installation and commissioning and interfacing of Solar Photovoltaic Power Plants (SPVPP) with 5 years Warranty Cum Comprehensive Maintenance Contract (CMC). In accordance with the stipulated terms of the contract, the Company has deposited earnest money deposit (EMD) amounting to Rs. 60.10 lakhs. Out of the total contract, work orders aggregating to 1.6 MW amounting to Rs. 2,914.13 lakhs was raised on the Company that was required to be executed till 30 June 2013. The Company has raised the bills for having completed 0.1 MW (5 sites) until 31 March 2014 and the dues outstanding in relation to the executed portion amounts to Rs. 177.23 lakhs. The Company had also filed an application seeking extension with MP Urja for completion of the unexecuted work till 30 June 2014.

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

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

43. During the year, on 24 March 2014 the Company has received a letter from National Stock Exchange with reference to the recommendations of Qualified Audit Review Committee advising the Company to rectify the qualification in respect of i) Treatment of demurrage charges amounting to Rs. 1,254.51 lakhs that were paid at the time of removal of machinery which was lying at the bonded warehouse for a significant period of time and formed part of the cost of acquisition of an asset and were inappropriately capitalised under capital work-in-progress; ii) Multiple uncertainties due to various factors impacting going concern.

In response to the observations, the Company has rectified the treatment of demurrage charges and in respect of the uncertainties impacting going concern, the Company has filed a reply with the stock exchange explaining that the factors impacting going concern are not wholly within the control of the Company and therefore cannot be rectified. Accordingly, the financial statements includes demurrage/ detention charges aggregating to Rs. 1.308.36 lakhs (including Rs. 53.85 lakhs emanating from reconciliations with the vendor) and have been included in other expenses.

44. During the current year, one of the consortium lender banks of the Company has given the credit of Rs. 223.82 lakhs in the loan account of the Company with the realisations on sale of shares pledged by the one of the promoter, Greenlite Lighting Corporation, Canada (a promoter group company). The Company has recorded the same as interest free unsecured loan from Geenlite Lighting corporation, Canada and the same is repayable after 31 March 2015.
45. 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 & Co. LLP**
Chartered Accountants

Firm registration number: 101248W

VIKRAM ADVANI

Partner

Membership No.091765

Place : New Delhi

Date : 29.05.2014

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

B.K. GUPTA

Chairman

DIN:00168071

Place : New Delhi

Date : 29.05.2014

H.R. GUPTA

Managing Director

DIN:00297722

Place : New Delhi

Date : 29.05.2014

FORM NO. MGT-11

FORM OF PROXY

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

INDOSOLAR LIMITED

CIN: L18101DL2005PLC134879

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

Tel.: 011-26841375, Fax: 011-26843949

E. Mail: info@indosolar.co.in, Website: www.indosolar.co.in

Name of the Member (s):	
Registered address:	
Folio No. / Client ID:	DP ID:
E. Mail ID:	

I/We, being member(s) of _____ shares of the above named Company, hereby appoint

1.	Name:	Address:
	E. Mail ID:	Signature:
or failing him / her		
2.	Name:	Address:
	E. Mail ID:	Signature:
or failing him / her		
3.	Name:	Address:
	E. Mail ID:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the Company to be held on Tuesday, the 30th day of September 2014 and at any adjournment thereof.

* 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		
Resolution No. 5			Resolution No. 6		
Resolution No. 7			Resolution No. 8		
Resolution No. 9					

Signed this _____ day of _____ 2014

Signature of Shareholder

Affix
Revenue
Stamp of
Re. 1

Signature of Proxy holder(s)

*Refer note no. 2

Notes:

- 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 the Meeting.**
- *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.

ATTENDANCE SLIP

INDOSOLAR LIMITED

CIN: L18101DL2005PLC134879

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

Tel.: 011-26841375, Fax: 011-26843949

E. Mail: info@indosolar.co.in, Website: www.indosolar.co.in

I hereby record my presence at the 9th Annual General Meeting of the Company at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, Delhi - 110 036 on Tuesday, the 30th day of September 2014 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.



CUT HERE





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

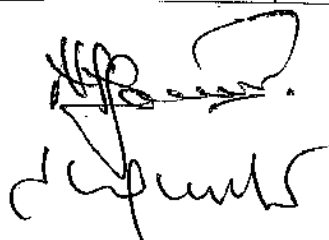
Website : www.indosolar.co.in

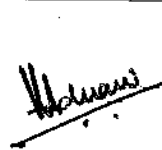
INDOSOLAR LIMITED

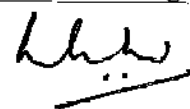
FORM B

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 2014
3.	Type of Audit qualification	<p>1. A disclaimer of opinion included in Para 4 of the Independent Auditors report dated 29th May 2014 to the members of Indosolar Limited on the accounts for the year ended 31st March 2014 issued by the Statutory auditors is as follows:</p> <p>Basis for disclaimer of opinion</p> <p><i>Attention is invited to note 1 (i), which explains in detail the full erosion of net worth as at 31 March 2014, reference made to BIFR in case of erosion of more than 50% of peak net worth in the year ended 31 March 2013 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 substantial part during the year ended 31 March 2014 and in the previous year ended 31 March 2013. The impact of key policy decision relating to local content requirement and incentivizing projects through Viability Gap Funding shall be known in the coming quarters. Also, some key policy decisions relating to imposition of Anti Dumping Duty and Company's eligibility for certain incentives remain unresolved.</i></p> <p><i>The actual net cash inflows during the year ended 31 March 2014 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 are unreliable and future cash flows in the light of prevailing conditions are 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.</i></p> <p><i>On an overall basis the short term liabilities exceed the short term assets by Rs. 34,956.01 lakhs. In addition as per the terms of the first Corporate Debt Restructuring package, an amount of Rs. 8,469.75 lakhs has become repayable as at 31 March 2014 and an amount of Rs 17,741.85 lakhs is repayable by 31 March 2015. Further, there are outstanding foreign currency liabilities for purchase of material and capital goods aggregating to Rs. 2,993.48 lakhs which are outstanding for a period of more than 3 years as at 31 March 2014.</i></p> <p><i>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. This was also the subject matter of a modification in the previous year end.</i></p> <p><i>Attention is invited to note 42, which explains in detail, the status of the contract for setting up Solar Photovoltaic Power Plants that was awarded in the quarter ended 31 December 2012 aggregating to 1.6 MW to be executed till 30 June 2013, against which the Company has executed 0.1 MW until 31 March 2014. During the quarter ended</i></p>







30 June 2013, the Company had filed an application seeking extension for completing the unexecuted work citing the prevailing industry condition and logistical issues. During the current year, on account of breach of terms and conditions of the agreement, MP Urja Vikas Nigam Limited (MP Urja) has served a final notice on the Company, rejecting the extension plea and deciding to cancel the work order (other than the 3 sites considered completed by MP Urja) given to the Company, for forfeiture of earnest money deposit (EMD) amounting to Rs. 60.10 lakhs, adjustment of dues amounting to Rs. 177.23 lakhs payable by MP Urja to the Company against any loss or damage arising due to non completion of the contract and imposition of penalty due to non compliance with the terms of the agreement by the Company. Management is contesting the aforesaid claims citing logistical issues, delay in handing over the sites and delays to issue site completion reports on part of MP Urja and has requested to recall the notice for cancellation of work orders and has further requested to allow the Company to complete the pending work allocated. The response of MP Urja is still waited. As a consequence of the claims and counterclaims as evinced through the letters exchanged between the customer and the Company, we are unable to ascertain the impact, if any, on the financial statements.

Disclaimer of opinion

Because of the significance of the matters described in above paragraphs, specifically relating to the multiple uncertainties created due to various 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, eligibility for incentives and the impact on demand and pricing due to 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.

2. Further, qualifications in the Annexure referred to in Para 6 of the Independent Auditors report dated 29th May 2014 to the members of Indosolar Limited on the accounts for the year ended 31st March 2014 issued by the Statutory auditors are as follows:

(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.

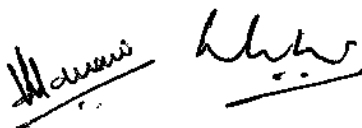
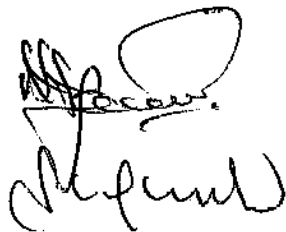
(b) In respect of Service tax and Work contract tax, the amounts have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.



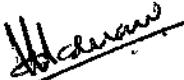

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable except for Work contract tax amounting to Rs. 0.01 lakhs. The amount has not been paid till date.

(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.

(d) The Company has defaulted in repayment of dues to its bankers.

(e) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we



		<i>are of the opinion that the funds raised on short-term basis amounting to Rs. 14,774.87 lakhs have been used for long-term investments.</i>
4.	Frequency of qualification	1. Repetitive and First Time 2. (a) Repetitive (b) Repetitive (c) Repetitive (d) First Time (e) Repetitive
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. 31 to 35 of Annual Report for auditors' observations. Please refer page no. 14 to 15 of Annual Report for management response.
6.	Additional comments from the Board / Audit Committee Chair	Please refer page no. 14 to 15 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 CFO
	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  G.S. Kuthari Audit Committee Chairman DIN: 00945195