INDOSOLAR LIMITED

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

STATEMENT OF STANDALONE AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2014 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year ended	Year ended
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		Audited *	Un-audited	Audited *	Audited	Audited
	Part I					
1	Income from operations					
a	Net sales/income from operations (net of excise duty)	288.13	264.15	3,365.91	1,538.88	5,311.55
b	Other operating income	0.05	14.94	3.65	27.97	11.79
	Total income from operations (net)	288.18	279.09	3,369.56	1,566.85	5,323.34
2	Expenses:					
a	Cost of materials consumed	0.68	5.01	3,781.19	101.54	5,690.88
b	Purchase of stock in trade	92.77	37.81	10.61	518.67	146.37
c	Changes in inventories of finished goods, work-in-progress and stock in trade	187.58	414.38	594.40	621.09	(1,087.01)
d	Employee benefits expense	52.14	82.19	234.06	313.05	893.25
e	Depreciation and amortisation expense	744.32	760.79	1,411.42	3,018.70	3,909.78
f	Power and fuel	1.79	11.13	480.91	65.22	1,051.10
g	Foreign exchange (gain)/loss (net)	(193.54)	15.91	(127.77)	694.44	103.34
h	Demurrage/detention charges (Refer note 4)	1,308.36	-	-	1,308.36	-
i	Other expenses	219.39	116.49	407.06	788.26	1,430.79
	Total expenses	2,413.49	1,443.71	6,791.88	7,429.33	12,138.50
3	Loss from operations before other income, finance cost and exceptional items (1-2)	(2,125.31)	(1,164.62)	(3,422.32)	(5,862.48)	(6,815.16)
4	Other income	77.95	53.31	81.49	242.58	256.90
5	Loss from ordinary activities before finance costs and exceptional items (3+4)	(2,047.36)	(1,111.31)	(3,340.83)	(5,619.90)	(6,558.26)
6	Finance costs	2,054.55	2,020.29	1,964.66	8,075.45	5,924.42
7	Loss from ordinary activities after finance cost but before exceptional items (5-6)	(4,101.91)	(3,131.60)	(5,305.49)	(13,695.35)	(12,482.68)
8	Exceptional items (expense)/income	-	-	-	-	93.82
9	Loss from ordinary activities before tax (7+8)	(4,101.91)	(3,131.60)	(5,305.49)	(13,695.35)	(12,388.86)
10	Tax expenses	-	-	-	-	-
11	Loss from ordinary activities after tax (9-10)	(4,101.91)	(3,131.60)	(5,305.49)	(13,695.35)	(12,388.86)
12	Extraordinary items (net of tax expenses Rs. nil)	-	-	-	-	-
13	Loss after taxes (11+12)	(4,101.91)	(3,131.60)	(5,305.49)	(13,695.35)	(12,388.86)
14	Paid up equity share capital (Face value-Rs.10 each)	33,514.40	33,514.40	33,514.40	33,514.40	33,514.40
15	Reserves (excluding revaluation reserve, if any)	-	-	-	(38,601.64)	(24,906.28)
16	Earning per share (before extraordinary item) (in Rs.) (not annualised)					
	Basic	(1.22)	(0.93)	(1.58)	(4.09)	(3.70)
	Diluted	(1.22)	(0.93)	(1.58)	(4.09)	(3.70)
17	Earning per share (after extraordinary item) (in Rs.) (not annualised)					
	Basic	(1.22)	(0.93)	(1.58)	(4.09)	(3.70)
	Diluted	(1.22)	(0.93)	(1.58)	(4.09)	(3.70)
	Part II					
A	Particulars of Shareholding					
1	Public shareholding					
	- Number of shares	153,144,030	153,144,030	128,144,030	153,144,030	128,144,030
	- Percentage of shareholding	45.70%	45.70%	38.24%	45.70%	38.24%
2	Promoters and promoter group shareholding					
	a) Pledged/ encumbered (Refer note 5)					
	- Number of shares	136,885,495	136,885,495	161,885,495	136,885,495	161,885,495
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	75.21%	75.21%	78.21%	75.21%	78.21%
	- Percentage of shares (as a % of the total share capital of the company)	40.84%	40.84%	48.30%	40.84%	48.30%
	b) Non encumbered (Refer note 5)					
	- Number of shares	45,114,502	45,114,502	45,114,502	45,114,502	45,114,502
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	24.79%	24.79%	21.79%	24.79%	21.79%
	- Percentage of shares (as a % of the total share capital of the company)	13.46%	13.46%	13.46%	13.46%	13.46%

* Figures for the three months ended 31 March 2014 and 31 March 2013 respectively, are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto the third quarter of the financial year. Also, the figures upto the end of the third quarter were only reviewed and not subject to audit.

	Particulars	Quarter ended 31.03.14
B	Investor Complaints	
	Pending at the beginning of the quarter	-
	Received during the quarter	-
	Disposed off during the quarter	-
	Remaining unresolved at the end of the quarter	-

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

Date : 29 May 2014 Sd/-

Place: New Delhi Chairman

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

Particulars	Audited As at 31 March 2014	Audited As at 31 March 2013
A Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital	34,464.40	34,464.40
(b) Reserves and surplus	(38,601.64)	(24,906.28)
Sub-total - Shareholders' funds	(4,137.24)	9,558.12
2 Non-current liabilities		
(a) Long-term borrowings	72,927.59	84,483.20
(b) Other long-term liabilities	6,688.70	5,633.05
(c) Long-term provisions	16.58	30.51
Sub-total - Non-current liabilities	79,632.87	90,146.76
3 Current liabilities		
(a) Short-term borrowings	7,239.24	4,416.08
(b) Trade payables	1,410.15	4,328.60
(c) Other current liabilities	31,910.34	5,751.06
(d) Short-term provisions	1.44	7.06
Sub-total - Current liabilities	40,561.17	14,502.80
Total - Equity and liabilities	116,056.80	114,207.68
B Assets		
1 Non-current assets		
(a) Fixed assets	106,072.81	102,228.68
(b) Long-term loans and advances	1,126.74	1,509.54
(c) Other non-current assets	3,252.09	3,091.97
Sub-total - Non-current assets	110,451.64	106,830.19
2 Current assets		
(a) Inventories	3,672.41	4,045.17
(b) Trade receivables	331.48	1,783.10
(c) Cash and cash equivalents	221.12	294.65
(d) Short-term loans and advances	1,311.46	1,182.30
(e) Other current assets	68.69	72.27
Sub-total - Current assets	5,605.16	7,377.49
Total - Assets	116,056.80	114,207.68

2 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 and the previous year. Due to the prevailing conditions, the actual net cash inflows in the year ended 31 March 2014 and in the previous year have been significantly lower than the projections for the same period incorporated in the first CDR package.

During the quarter ended 30 September 2013, 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.

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.

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 6 below, 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.

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

3 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.

In the quarter ended 30 September 2013, 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.

4 During the current quarter, 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 results for the quarter and year ended 31 March 2014 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.

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

Particulars of Shareholding	31.03.2013	
	Restated	Published
Public shareholding		
- Number of shares	128,144,030	128,144,030
- Percentage of shareholding	38.24%	38.24%
Promoters and promoter group shareholding		
a) Pledged/ encumbered		
- Number of shares	161,885,495	136,885,495
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.21%	66.13%
- Percentage of shares (as a % of the total share capital of the company)	48.30%	40.84%
b) Non encumbered		
- Number of shares	45,114,502	70,114,502
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.79%	33.87%
- Percentage of shares (as a % of the total share capital of the company)	13.46%	20.92%

6 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 quarter end (i.e. after five years of commencement of its operations), the Company’s earnings is a negative Net Foreign Exchange Earnings of Rs. 26,120.04 lakhs. As explained in Note 2 above, the ability of the Company to meet its export obligations over the next 5 years is dependent on various factors which have created multiple uncertainties, the effect of which , is not ascertainable at present.

7 During the current quarter, 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.

8 One of the consortium lender banks of the Company has given the credit of Rs. 82.66 lakhs during the current quarter and Rs. 141.16 lakhs during the quarter ended 31 December 2013 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. 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.

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

10 IPO proceeds amounting to Rs.15,580.55 lakhs is paid for acquisition of machineries for Line C, Rs.14,386.21 lakhs have been utilised towards repayment of loans from banks/ use for the operations of the Company and Rs. 3,358.24 lakhs has been used for meeting IPO expenses. This is in accordance with the manner the IPO proceeds could have been utilised as specified in the prospectus. The balance of the IPO proceeds amounting to Rs. 2,375.00 lakhs pending utilisation, has been invested in interest bearing liquid instruments and bank deposits.

11 The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 29 May 2014. The statutory auditors of the Company have audited the financial results for year ended 31 March 2014 and have modified the report in relation to the following matters: Multiple uncertainties due to various factors resulting in inability to provide a basis for opinion and uncertainty over the outcome of the claims and counterclaims in relation to MP order. The same has been filed with the stock exchange and is available on the website of the Company.

For and on behalf of the Board of Directors of
Indosolar Limited
Sd/-
Chairman

Date : 29 May 2014
Place: New Delhi