INDOSOLAR LIMITED
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Statement of standalone Unaudited Results for the Quarter and three months ended 30 June 2016 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Previous Year ended
		30.06.2016	31.03.2016	30.06.2015	31.03.2016
	(Refer Notes below)	Un-audited	Audited *	Un-audited	Audited
1	**Income from Operations**				
a	Net sales/income from operations (net of excise duty)	9,382.64	9,946.05	5,114.38	25,740.93
b	Other operating income	2.10	3.93	3.90	27.18
	Total income from Operations (net)	**9,384.74**	**9,949.98**	**5,118.28**	**25,768.11**
2	**Expenses**				
a	Cost of Materials consumed	7,101.11	8,139.09	3,588.24	18,778.14
b	Purchase of stock in trade	187.51	114.36	84.26	302.35
c	Changes in inventories of finished goods and stock in trade	283.16	(173.91)	(776.24)	72.33
d	Employee benefits expense	316.72	54.53	342.83	1,037.88
e	Depreciation and amortisation expense	668.30	644.13	655.38	2,657.08
f	Power and fuel	538.85	477.87	395.77	1,598.95
g	Foreign exchange loss (net)	17.63	-	0.64	-
h	Other expenses	665.67	1,141.03	739.93	3,143.53
	Total Expenses	**9,778.95**	**10,397.10**	**5,030.81**	**27,590.26**
3	**(Loss)/Profit from operations before other income, finance costs (1-2)**	**(394.21)**	**(447.12)**	**87.47**	**(1,822.15)**
4	Other income	7.10	197.48	20.85	215.91
5	**(loss)/Profit from ordinary activities before finance costs (3+4)**	**(387.11)**	**(249.64)**	**108.32**	**(1,606.24)**
6	Finance costs (Refer note 9)	3,600.02	2,727.92	2,609.39	12,520.96
7	**(loss)/Profit from ordinary activities before tax (5-6)**	**(3,987.13)**	**(2,977.56)**	**(2,501.07)**	**(14,127.20)**
8	Tax expense	-	-	-	-
9	**Net (loss)/Profit after tax (7-8)**	**(3,987.13)**	**(2,977.56)**	**(2,501.07)**	**(14,127.20)**
10	Paid-up equity share capital (Face value of the share-Rs.10 each)	35,813.00	35,813.00	35,813.00	35,813.00
11	Reserves (excluding revaluation reserve, if any)				(60,591.77)
12	Basic Earnings per share (of Rs.10/- each) **(not annualised)**	(1.11)	(0.83)	(0.70)	(3.94)
13	Diluted Earnings per share (of Rs.10/- each) **(not annualised)**	(1.11)	(0.83)	(0.70)	(3.94)

* Figures for the 3 months ended 31 March 2016 respectively are the balancing figures between 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 third quarter were only reviewed and not subjected to audit.

Notes to the unaudited results for the Quarter ended 30 June 2016

1. The Company has continued to incur losses in the current quarter ended 30 June 2016 resulting in further erosion of its net worth which had already been fully eroded during the year ended 31 March 2014. Accordingly, the Company had, during the year ended 31 March 2015, made reference to Board of Industrial and Financial Reconstruction (BIFR) vide its letter dated 25 November 2014 in accordance with the requirements of Sick Industrial Companies Act, 1985.

   The Company had received a letter from BIFR stating that the product "SOLAR PHOTOVOLTAIC CELL" manufactured by the Company does not feature in the first schedule of Industries Development and Regulation Act, 1951. However, the Company had submitted that such product is covered under the heading 5(1) of the first schedule of Industries Development and Regulation Act, 1951. No further communication has been received from BIFR till date.

   As on 30 June 2016, the current liabilities exceed the current assets by Rs 85,768.94 lakhs. The Company has not met its liabilities due on the first corporate debt restructuring package (Rs. 65,524.95 lakhs) and on account of purchase of materials and capital goods (Rs. 8,227.83 lakhs). Further, an amount of Rs. 10,146.47 lakhs will become payable by 30 June 2017. Due to continued liquidity issues, the Company had approached the bankers for a second CDR Package. During the quarter ended 30 June 2016, the consortium bankers in their joint lenders meeting unanimously decided to exit from CDR in order to sell to Asset Restructuring Company (ARC).

2. Despite significant downturn in global market, as a result of several initiatives by Government of India, the domestic market has been showing an upturn of late resulting in the Company getting orders and hence continuation of commercial production. Based on the current orders in hand (approx. 124 MW), the Company expects to operate at the significant level of capacity till February 2017.

3. The Company's claim to its being eligible for certain capital incentives has been ordered in favor of the Company by the High Court of Delhi directing the concerned authorities to recalculate the threshold limit within four weeks from the date of the order (i.e. 3 July 2015). In the absence of timely response by the department, the Company filed contempt petition in High Court of Delhi and the court again directed the department to comply with the order dated 3 July 2015 within a period of six weeks from 11 May 2016 and has fixed next date of hearing on 5 December 2016.

   Concerned authorities had also moved an appeal to the Double Bench of High Court of Delhi against the order dated 3 July 2015 of High Court of Delhi for which next date of hearing is 12 August 2016.

   The entitlement of the capital incentive will be known after the decision of the court in the above cases.

   Considering the Government initiatives related to domestic content requirements in solar energy and expression of interests issued by certain Public Sector Units, procurement of recent orders, and favorable decision of the High Court of Delhi in relation to the Company's eligibility for certain capital incentive, management believes that there is no impairment in respect of the carrying value of its fixed assets including capital work in progress as at 30 June 2016 and that it is appropriate to prepare the accounts on a going concern basis.

4. The Company had been awarded a turnkey contract by MP Urja Vikas Nigam Limited (MP Urja) for setting up of 3MW SPV Power Plants. In accordance with the stipulated terms of the contract, the Company deposited earnest money deposit (EMD) amounting to Rs. 60.10 lakhs. The Company has also raised bills for completed work and the dues outstanding in relation to the executed portion amounts to Rs. 177.23 lakhs. The Company received a notice from MP Urja to cancel the balance work order along with the forfeiture of EMD and imposition of penalty due to the non-compliance of terms and conditions by the Company. The Company is under final negotiation with MP Urja and believes that the matter will be resolved within financial year 2016-17 and outstanding amount will be realised after adjusting some amount of penalties which is not yet ascertained. 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 decision, that may include forfeiture of EMD, adjusting the dues against any loss or damage and levy of penalty, is uncertain and the same shall crystallize only on the conclusion of discussion and the actions that MP Urja may take against the Company.

5. The Company has incurred expenses in foreign currency amounting to Rs.143,081.81 lakhs (including amortisation of imported machinery) till 30 June 2016. Being an Export Oriented Unit, the Company had imported such machinery and raw material without payment of customs duty, on the basis of an undertaking given to Special Economic Zone that the Company shall be able to earn a positive Net Foreign Exchange (NFE) within ten years from the commencement of its operations (i.e.16 July 2009). As at 30 June 2016, the Company has a negative Net Foreign Exchange Earnings of Rs. 123.85 lakhs.

   During the year ended 31 March 2015, the Company had filed an appeal before the relevant authorities to consider the DTA sale of 3,864.89 lakhs made in the earlier years to consider as eligible sale for calculation of NFE under para 6.9 (f) of Foreign Trade Policy (FTP) in place of para 6.8 of FTP. Further it has been noticed that: i) while submitting the APR of 2011-12 and 2012-13, the Company had erroneously considered the domestic purchase of Rs. 331.07 lakhs as imported purchase resulting thereby higher forex outflow ii) while submitting the APR of 2009-10, the Company had considered full year amortisation of capital expenditure instead of calculating the same from the date of start of commercial production resulting into higher amortisation of Rs.1,409.07 lakhs which was considered as forex outflow in that year. If the appeal is accepted, and the impact of above referred correction is recognized, the NFE as on 30 June 2016 would have been positive by Rs. 5,481.18 lakhs.

   The ability of the Company to meet its export obligations over the next 3 years is dependent on various factors explained above which have created multiple uncertainties, the effect of which, is not ascertainable at present.

6. The Company has only one single primary business segment viz manufacture and sale of Photovoltaic Solar cells & Modules. Therefore, the disclosure requirements of Accounting Standard - 17 "Segment Reporting" specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 are not applicable.

7. The solar cell manufacturing line includes a process called Light Induced Plating (LIP) currently not utilized fully to conserve the cost of operation. The Company’s technology partner is upgrading the process technology which shall enable full utilization of LIP giving better solar cell efficiency at lower cost. The original cost of these equipments was Rs. 4,492.67 lakhs and present WDV as on 30 June 2016 is Rs. 2,909.69 lakhs. In view of the plans to utilize the machinery in the near future post the development of the necessary technology, the management considers it appropriate that there is no impairment in respect of the said asset.

8. The Company had accrued/paid managerial remuneration which was in excess of the limits specified in Schedule V read with Section 197 of the Companies Act, 2013. The Company had filed applications with the Central Government for regularizing the payments of managerial remuneration. The Company received letters from Central Government rejecting such applications. Accordingly, the Company had recovered the managerial remuneration paid in 2015-16 of Rs. 184.99 lakhs and in 2014-15 of Rs. 147.84 lakhs by adjusting the payable balances of directors. The recovered amount has been netted off from employee benefit expenses for the quarter ended 31 March 2016.

9. Interest on borrowing has been accrued as per the interest rates approved under CDR package I. However, actual interest may vary after finalization of proposals under consideration by the Consortium banks.

10. The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 08 August 2016. The same has been filed with the stock exchange and is available on the website of the Company.

11. Previous period's amounts have been regrouped/ reclassified to conform to current period's classification.

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

Date: 08 August 2016
Place: Greater Noida

H.R. Gupta
Managing Director
DIN: 00297722

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Review Report to the Board of Directors of Indosolar Limited

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Indosolar Limited ('the Company') for the quarter ended 30 June 2016, attached herewith, being submitted by the Company pursuant to the requirements to Regulation 33 of Securities and Exchange Board of India (Listing and Disclosure Requirements), Regulations 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report the Statement based on our review. Attention is drawn to the fact that the figures for the quarter ended 31 March 2016, as reported in the Statement, are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Attention is invited to the following developments as explained in detail in the notes to the financial results:

   (a) The Company has continued to incur significant losses in the current quarter and year to date resulting in further erosion of its net worth which had already been fully eroded during the year ended 31 March 2014. Further, the Company has not met its liabilities due on the first corporate debt restructuring package (Rs. 65,524.95 lakhs) and on account of purchase of materials and capital goods (Rs. 8,227.83 lakhs). Further, an amount of Rs. 10,146.47 lakhs will become payable by 30 June 2017. Due to continued liquidity issues, the Company approached the consortium bankers for a second corporate debt restructuring package. The consortium bankers are exploring the possibility of sale to Asset Restructuring Company (ARC). During the quarter ended 30 June 2016, the consortium bankers in their joint lenders meeting unanimously decided to exit from CDR in order to sell to ARC. (Note 1)

   (b) As per the Company, despite significant downturn in global market, as a result of several initiatives by Government of India, the domestic market has been showing an upturn of late resulting in the Company getting orders and hence continuation of commercial production. Based on the current orders in hand (approx. 124 MW), the Company expects to operate at the significant level of capacity till February 2017. (Note 2)

   (c) The Company's claim to it being eligible for certain capital incentives is still under litigation and the outcome will be known upon the conclusion of the litigation. (Note 3)

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(d) The dispute with MP Urja regarding the turnkey contract and the likely impact of the customers claim is uncertain. (Note 4)

(e) The Company has not been able to meet its commitment to Special Economic Zone on the basis of which the Company imported certain raw materials and machinery without payment of customs duty. (Note 5)

On the basis of the overall evaluation of the above factors and considering the domestic content requirements and expression of interests issued by certain Public Sector Units, procurement of recent orders and favorable decision of the High Court of Delhi in relation to the Company's eligibility for certain capital incentive, management believes that there is no impairment in respect of the carrying value of its fixed assets including capital work in progress as at 30 June 2016 and that it is appropriate to prepare the accounts on a going concern basis. In our view, the full erosion of net worth, inability of the Company to meet certain material liabilities and commitments, the fact that the impact of the government decisions would be known only in future, the uncertainty of outcome of claims, uncertainty regarding the status of restructuring of borrowings and uncertainty on the ability of the Company to meet its export obligations create material uncertainties. Therefore, the quantum of impairment in respect of carrying value of fixed assets cannot be determined at present and material uncertainties exist regarding the use of going concern assumption in preparing the Statement.

4. Based on our review conducted as explained in paragraphs 1 and 2 and subject to our observations in paragraphs 3 above which highlight material uncertainties, the impact of which is currently not ascertainable including the ability of the Company to continue as a going concern, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards prescribed under Section 133 of Companies Act, 2013 and read with relevant rules issued thereunder and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

S. Agarwal

B S R & Co. LLP GURGAON Chartered Accountants

Shashank Agarwal
Partner
Membership number: 095109

Gurgaon
8 August 2016