



INDEPENDENT AUDITOR'S REPORT

To the Insolvency resolution professional of Indosolar Limited (Company under CIRP)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Indosolar Limited, company under CIRP ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), the Statement of cash flows and the statement of changes in equity for the year then ended, and notes to accounts, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

We do not express an opinion on the Financial Statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. We were appointed as auditors of the Company after March 31, 2019 and thus could not observe the counting of physical inventories at the beginning and end of the year.

Inventory records were not provided to us for checking. These were not physically verified by us.

There is a difference of Rs. 283.80 lakh in the value of closing stock as stated in audited balance sheet for the year ended 31st March 2018 and books of accounts produced before us with a corresponding difference in value of net fixed assets.

Accordingly, we were unable to satisfy ourselves by alternative means concerning the inventory quantities held at March 31, 2018 and March 31, 2019 and valuation thereof.

2. Gross block and net block of fixed assets as per books are inconsistent with data provided in Fixed Asset register. As a result of this, we are unable to verify the written down value of fixed assets sold during the year and resultant Profit/Loss.

There is a difference of Rs. 283.80 lakh in net fixed assets in the audited balance sheet for the year ended 31st March 2018 and books of accounts produced before us with a corresponding difference in value of closing stock.

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Also at **KARNAL**

The Company has a net carrying value of Plant & Machinery of Rs. 8075.61 lakh, (ii) CWIP of Plant & Machinery Rs. 8,298.65 lakh and (iii) Buildings Rs. 4944.77 lakh as at March 31, 2019. The management had recognized an impairment loss of Rs. 42,819.12 lakh during the year based on value in use as on 30.09.2018.

The impairment loss in Plant & Machinery and CWIP was based on fair value less cost of sales (realizable value) determined by a registered valuer as on 30.09.2018 and for impairment in case of building the registered valuer report as on 29.03.2018 was referred. Further, the company has not done impairment test and not booked resultant impairment loss as on 31.03.2019.

Thus we are unable to comment on the adequacy of the impairment loss recognized during the year ended March 31, 2019 and the consequential impact, if any, on the accompanying statement.

3. The Company has plant and machinery under installation, disclosed under CWIP, aggregating to Rs. 26,354.8 lakh in respect of which management has recognized an impairment loss of Rs. 18,056.14 lakh during the year ended 31st March, 2019 based on recoverable value of the assets as on 30th September determined using value in use method and is therefore dependent on the various factors considered in making projections by the management. In the absence of sufficient and appropriate audit evidence with respect to the uncertainty underlying the assumptions particularly the timing of expected imposition of anti/safeguard duty and installation of Line -C and commencement of its commercial production, used in the long term projections, we are unable to comment on adequacy of the impairment loss recognized during the year ended 31st March, 2019 and the consequential impact, if any, on the accompanying statement.

Further, the company has not done impairment test and not booked resultant impairment loss as on 31.03.2019.

4. We were unable to confirm or verify balances of accounts receivable and accounts payables included in the Balance Sheet of total amount of Rs.14.53 lakh and Rs.8570.75 lakh respectively as at March 31, 2019.
5. Balances of UBI, Bank of Baroda, Corporation Bank and ARCIL are not reconciling with the statement provided. Interest on borrowing in respect of facilities from Corporation bank, Union bank of India and Bank of Baroda has been booked only till September and Interest on loan taken over by ARCIL not booked. Being the company under CIRP, there is difference in total interest/ penal interest / expenses / others of approximately Rs. 92187 lakhs pertains to this year or earlier years between claims admitted by Resolution Professional and balances in books.
6. Input tax credit claimed under GST are not reconciling with books of accounts.
7. The Company (being an EOU) has not been able to meet its commitment under the Foreign Trade Policy on the basis of which the Company imported certain raw material, stores and spares and machineries without payment of custom duty. As on 31st March,

2019 the Company's NFE is positive by Rs. 19,140.38 lakh without considering the import value of amortization of Line-C. However, after amortisation of value of line C NEF becomes negative by Rs. 29,624.58. The company is not able to achieve positive NFE during the stipulated time; the company would be liable to duties and penalties payable in accordance with Notification No. 52/2003 Cus. Dated 31.03.2003. Presently we are unable to assess upon the possible impact if any on the accompanying statement.

8. In the matter of Company's claim for eligibility of capital subsidy under SIP scheme of Govt. of India. The uncertainty exists with regard to its quantum and receipt of claim pending its appraisal by Department of Electronics & Information Technology (DEIT). In the absence of the reasonable assurance, the management has not recognized the claim.
9. Most of the vouchers and other supporting documents are not made available to us for verification.
10. Company has not complied with companies act with respect to Secretarial Audit, cost Audit and Listing Agreement. Further, in the absence of Secretarial Audit we cannot comment on detailed compliances of Companies Act provisions.
11. Company is under CIRP as explained in Note 45 of Notes to the Financial Statements.
12. The non adherence of IND AS as explained in Note 46 of Notes to the Financial Statements.

As a result of above matters, we were unable to determine whether any adjustments might have been found necessary in respect of assets and liabilities in the Balance Sheet, and the corresponding elements making up the Statement of Profit and Loss and Cash Flow Statement.

Emphasis of Matter

We draw attention to

1. Note No. 15(1)(c) of the financial statements regarding revocation of One Time Settlement (OTS) Scheme from Union Bank of India (Bank). Consequently, Interest waived amounting to Rs. 17,389.48 lakh upto 31.03.2017 is to be reversed and (ii) interest for the interest free period i.e. April 2017 to March 2018 (amount not ascertained) is become payable, (iii) The bank has also withdrawn other concessions i.e. lower rate of interest charged on outstanding amount for the period from April 2018 onwards, consequential interest need to be booked (amount not ascertained) (iv) Preference Shares become due and payable immediately.
2. Note No. 9 of the financial statements regarding inventories. Closing Stock of finished goods and raw material has been taken as nil.
3. Note No. 45 regarding verification and admission of claims by RP. Pending finalization of resolution plan, the impact of such claims if any that may also have not been considered in the preparation of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for disclaimer of opinion and Material uncertainty related to going concern, we could not determine whether there are other key audit matters to communicate in our report.

Material Uncertainty related to Going Concern

We draw attention to

1. Note No. 44 A (iv) of notes to the financial statements relating to Going Concern.
2. Note No. 45 relation to Corporate Insolvency Resolution Process

In view of above uncertainties we are also unable to comment on the ability of the Company to continue as a going concern and consequential classification and adjustment to the accompanying financial statements, if any that might have been necessary had the financial statements being prepared under liquidation basis. The extent of the effect on the resultant adjustments to the accumulated losses, assets and liabilities as at 31st March 2019 is presently not ascertainable.

Information other than financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. We have not obtained the other information comprises of the financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, are required to report that fact. We have nothing to report in this regard.

Management and Those Charged with Governance's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Companies (Accounts) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating for ensuring accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143 (3) of the Act, we report that:

- a) As described in the Basis for Disclaimer of Opinion paragraph, we sought but 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) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether 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) 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 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 aforesaid financial statements comply with the Accounting Standards under Section 133 of the Act read with the relevant rules issued there under;
- e) The matter described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) As informed by the management, neither written representations has been received from the directors as on March 31, 2019, and nor taken on record by the Board of Directors regarding disqualification of directors as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act. So we are unable to comment upon this.
- g) Statutory payments made to authorities (ESI and PF) during the year 2018-19 are inconsistent with the salary amount booked for the year.
- h) TDS not deducted on salaries and professional fees amounting to Rs. 71.3 lakhs and TCS not paid/collected on scrap sale of Rs. 2.7 lakhs.
- i) The company has not complied with the following provisions of Companies Act 2013 and Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
 - i. Appointment of qualified Company Secretary as the compliance officer as per Regulation 6.
 - ii. Submission of Annual Secretarial Compliance Report.

- iii. Submission of Certificate of PCS (Regulation 40(10)).
- iv. Submission of unaudited quarterly financial result along for limited review report for the quarter ended December and March 2019.(Regulation 33)
- v. Filing of BEN -2, MSME Form-1, Active INC – 22A and Forms for directors resignations.
- vi. Appointment of internal auditor (Sec 138 of the Companies Act, 2013).
- vii. Holding of minimum number of meetings of board. (Sec 173(1) of the Companies Act, 2013.)
- viii. Constitution of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk management Committee and Share transfer Committee. (Sec 177 and 178 of the Companies Act, 2013 and Regulation 19, 20, 21 and 40 of SEBI(LODR).
- ix. Secretarial audit for the year 2018-19 (Regulation 24A and Sec 204 of the Companies Act, 2013.)
- x. Application for CIRP filed on 23rd October, 2018 and thereafter 3 independent directors namely Mr. Vidyut Vora, Ms.Vinati Dev and Mr. Gautam Singh Kuthari has submitted their resignation to company on 26th November 2018. However such directors have not filed form DIR 11 with MCA and company have also not filed form DIR 12. Consequently the company has left with one director only and no board meeting have been called or held thereafter. Further financial statements are approved and signed by only one director Mr. H. R. Gupta.
- xi. Cost Audit for the year 2018-19 (Sec 148 of the companies Act, 2013)

Further, in the absence of Secretarial Audit we cannot comment on detailed compliances of Companies Act provisions and Regulations of Securities and Exchange Board of India.

- j) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph above.
- k) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses a disclaimer opinion on the adequacy and the operating effectiveness of the company's internal financial controls over financial reporting; and internal audit has also not been taken placed by company.
- l) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its financial statements;

- ii. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- iii. There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN 002688N



CA. HARVINDER SINGH
Partner
M. No. 087889

Place: Delhi
Date: 19-Feb-2020
UDIN: 20087889AAAABK6053

Annexure A to the Independent Auditor's Report

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. In respect of its fixed assets
 - (a) According to the information and explanation given to us and on the basis of examination of books and records, the company has not maintained the records, however the same was not showing full particulars including quantitative details and situation of fixed assets. Also, Gross block and net block of fixed assets as per books are inconsistent with data provided in Fixed Asset register
 - (b) There is not sufficient staff to carry out physical verification of fixed assets and there is no document on record to reflect the physical verification done of fixed assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company does not have any immovable properties which are freehold and held in the name of company as at the balance sheet date. In respect of immovable properties taken on lease, Lease hold improvements have been disclosed as fixed assets in the financial statements, the lease agreement are in the name of the company. However supplement lease agreement as mentioned in lease deed are not on record.
2. Inventory records have not been provided to us for verification.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to the companies/firms, limited liability partnership or other parties listed in the register maintained under section 189 of the companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. The Company is required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of companies act, 2013. However, no cost records have been provided to us for verification. Cost audit was not conducted for the year 2018-19.

7. (a) According to the records of the company, the company is generally not regular in depositing undisputed statutory dues including Goods and service tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company.

The company has not deposited ESI & PF on salary of Rs. 62,38,544 paid after September 2018.

(b) According to the information given to us and as per the books of accounts produced before us, the company has following dues relating to Goods and service tax, sales tax, income tax, custom tax, excise duty, cess as at 31st March, 2019 that have not been deposited on account of dispute:

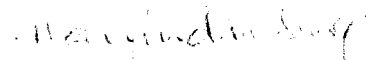
PARTICULAR	As at March 31, 2019 (Rs. In lakhs)
Duty forgone demand of customs pending settlement	1,193.43
Vat (A.Y. 2014-15)	4.35
Total	1197.78

Further, in the matter of Company's claim for eligibility of capital subsidy under SIP scheme of Govt. of India. The uncertainty exists with regard to its quantum and receipt of claim pending its appraisal by Department of Electronics & Information Technology (DEIT).

8. Based on our audit procedures and according to the information and explanations given to us, the Company has defaulted in repayment of dues to a financial institution or bank or debenture holders. (Refer Note 45 of notes to the financial statements)
9. The company has not raised any money by way of initial public deposit offer, further public offer, debt instrument or term loans during the year.
10. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit
11. In our opinion and according to information and explanation given to us, the company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The company is not a Nidhi company and hence this clause is not applicable.
13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.

14. Company has not made any preferential allotment or private placement of shares or fully or partly convertible or debentures during the year.
15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons connected to directors and hence the provision of section 192 of the companies act is not applicable.
16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN. 002688N



CA. Harvinder Singh

Partner

M. No. 087889

Place: Delhi

Date: 19-Feb-2020

Annexure B to the Independent Auditor's Report

(Referred to in our report of even date)

Report on the Internal Financial Control under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Indosolar Limited**, company under CIRP ("the Company") as on 31st March 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI").

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

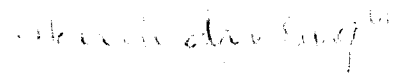
Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

Due to insufficient staff and availability of relevant records, in our opinion, the Company does not has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were not operating effectively as at 31st March, 2019. We have not been provided with the internal control over financial

reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A.K.G. & ASSOCIATES
Chartered Accountants
FRN. 002688N



CA. Harvinder Singh
Partner
M. No. 087889

Place: Delhi

Date: 19-Feb-2020

Indosolar Limited
Balance Sheet as at 31 March, 2019
(All amounts in Rupees in lakh, unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
Assets			
1 Non-current assets			
(a) Property, Plant & Equipment			
(b) Capital work-in-progress	4(a)	15,430.98	42,636.89
(c) Other intangible assets	4(b)	8,298.65	25,747.97
(d) Financial assets	4(c)	12.79	17.26
(i) Loans			
(ii) Other financial assets	5	157.69	403.90
(e) Deferred tax assets (Net)	6	-	87.27
(f) Other non-current assets	7	-	-
Total non current assets	8	36.04	1,051.02
		23,936.15	69,944.31
2 Current assets			
(a) Inventories			
(b) Financial assets	9	537.34	2,665.61
(i) Trade receivables			
(ii) Cash and cash equivalents	10	14.53	291.30
(iii) Bank balances (other than cash & cash equivalents)	11	67.02	292.46
(iv) Loans	12	405.11	352.40
(v) Other financial assets	5	-	4.77
(c) Other current assets	6	55.84	-
Total current assets	8	869.44	821.02
		1,949.28	4,427.56
TOTAL ASSETS		25,885.43	74,371.87
Equity and Liabilities			
Equity			
(a) Equity share capital			
(b) Instruments entirely equity in nature	13(a)(b)	37,206.71	37,206.71
(b) Other equity	13(b)	-	-
Total Equity	14	(135,355.20)	(82,859.67)
		(98,148.49)	(45,652.96)
Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
Borrowings			
(b) Provisions	15 and 16	584.32	30,443.02
Total non current liabilities	17	48.79	48.79
		633.11	30,491.81
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings			
(ii) Trade payables	18	3,557.02	3,546.20
(iii) Other financial liabilities	19	8,570.75	6,237.06
(b) Other current liabilities	20	110,561.10	79,524.20
(c) Provisions	21	693.70	206.68
Total current liabilities	17	18.25	18.87
		123,400.81	89,533.02
TOTAL EQUITY AND LIABILITIES		25,885.43	74,371.87

Summary of significant accounting policies

2 & 3

Note 1 to 48 form an integral part of the balance sheet of the company.

As per our report attached

For **A.K.G & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 002688N

Harvinder Singh

CA. HARVINDER SINGH

Partner

Membership No.: 087889

Place: Delhi

Date : 19-Feb-2020

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

H.R. Gupta
H.R. Gupta
Managing Director
DIN:00297722

Gulshan Gaba
Taken on Record
Gulshan Gaba

Anand Kumar Agarwal
Anand Kumar Agarwal
Chief Financial Officer

Resolution Professional
Regn no: IBBI/IPA-001/IP-
P00548/2017-18/10978

Indosolar Limited

CIN: L18101DL2005PLC134879

Statement of Profit and Loss for the year ended 31 March, 2019

(All amounts in Rupees in lakh, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations			
Other income	22	1,322.36	31,412.37
Total Income (A)	23	<u>290.49</u>	<u>431.15</u>
		1,612.85	31,843.52
Expenses			
Cost of material consumed	24	1,142.02	21,577.99
Purchase of stock in trade	25	92.98	4,401.94
Change in inventories of finished goods, stock in trade and work	26	515.39	1,910.30
Employee benefits expense	27	455.99	1,457.67
Finance costs	28	5,093.04	5,351.94
Depreciation and amortisation expense	29	2,413.69	2,810.58
Other expenses	30	1,581.92	4,203.34
Total Expenses (B)		<u>11,295.03</u>	<u>41,713.76</u>
Profit/(Loss) for the period before finance costs,		(9,682.18)	(9,870.24)
Profit/(Loss) before exceptional items and tax (A-B)		<u>(9,682.18)</u>	<u>(9,870.24)</u>
Exceptional items [Profit/(Loss)] (refer note 42)		(42,819.12)	(6,410.96)
Profit/(Loss) before tax		<u>(52,501.30)</u>	<u>(16,281.20)</u>
Tax expense			
Current Tax			
Deferred Tax	31	-	2.32
Profit/(Loss) after tax (net)		<u>(52,501.30)</u>	<u>(16,283.52)</u>
Other Comprehensive Income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
-Remeasurements of net defined benefit plans		5.77	11.55
(ii) Income tax relating to items that will not be reclassified to		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit		-	-
Other Comprehensive Income/(loss)		<u>5.77</u>	<u>11.55</u>
Total Comprehensive Income/(loss)		<u>(52,495.53)</u>	<u>(16,271.97)</u>
Earning per equity share (EPS) in Rs.	32		
- Basic		(14.11)	(4.44)
- Diluted		(14.11)	(4.44)

Summary of significant accounting policies

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Note 1 to 48 form an integral part of the balance sheet of the company.

As per our report attached

For **A.K.G & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 002688N

CA. HARVINDER SINGH

Partner

Membership No.: 087889

Place: Delhi

Date : 19-Feb-2020

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

H.R. Gupta
Managing Director
DIN:00297722

Anand Kumar Agarwal
Chief Financial Officer

Taken on Record
Gulshan Gaba

Resolution Professional
Regn no: IBBI/IPA-001/IP-
P00548/2017-18/10978

Cash Flow Statement for the year ended 31 March, 2019

(All amounts in Rupees in lakh, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flow from operating activities		
Loss before tax as per Statement of Profit and Loss	(52,501.30)	(16,281.20)
Adjustments for:		
Depreciation and Amortisation Expense	2,413.69	2,810.58
Interest Expenses	5,093.04	5,221.13
Interest income	(52.39)	(179.26)
Provision for doubtful debts written back	-	(13.47)
Provision for doubtful debts	799.61	
Provision for service tax not recoverable written back		(112.80)
Service tax not recoverable written off	21.60	
Exceptional Items		
-Waiver of Interest on loans		(15,211.12)
-Impairment Losses of Property, Plant & Equipment	42,819.12	30,700.00
-Gain on modification of loan due to fair valuation of 1% OCCRRS		(9,077.92)
Bad debts written off	60.18	13.21
Demurrage/detention charges		-
Unrealized Foreign Exchange Rate Difference (Gain) / Loss (Net)	3.66	64.07
(Gain) / Loss on Sale of Property, Plant and Equipment (net)	10.39	-
Provisions/Liabilities no longer required written back	(248.49)	
Amortised ancillary cost of arranging the borrowings	-	32.84
Operating profit before working capital changes	(1,580.89)	(2,033.94)
Movements in Working Capital :		
(Increase)/decrease in Trade Receivables	(586.68)	830.12
(Increase)/decrease in Inventories	2,128.27	998.07
(Increase)/decrease in Other financial assets and Other assets	180.94	869.19
Increase/(decrease) in Trade payables	2,333.69	3,432.99
Increase/(decrease) in Other liabilities and Provisions	769.36	(1,167.65)
Cash used from operations	3,244.69	2,928.78
Direct taxes (paid)/refund received	-	(6.10)
Net cash generated from operating activities	3,244.69	2,922.67
B. Cash flow from investing activities		
Capital expenditure on Property, Plant and Equipment, including capital work in Impairment Losses of CWIP	(2,337.86)	(1,204.75)
Proceeds from sale of Property, Plant and Equipment	23.33	-
Movement in Fixed Deposits with Banks	(2.71)	242.00
Interest received	33.82	162.28
Net cash used in investing activities	(2,283.42)	(800.47)
C. Cash flow from financing activities		
Proceeds from issue of share capital		-
Proceeds from/ (repayment of) Long term borrowings	(197.85)	(457.30)
Proceeds from/ (repayment of) Short term borrowings	10.82	(1,716.75)
Interest paid	(999.68)	(320.23)
Net cash used in financing activities	(1,186.71)	(2,494.27)
Net increase in cash and cash equivalents	(225.46)	(372.07)
Opening Balance of Cash and Cash Equivalents	292.46	664.53
Add: Exchange loss/(gain) on foreign currency in hand	-	-
Closing Balance of Cash and Cash Equivalents	67.01	292.46
Cash and cash equivalent comprises:		
Cash in hand	0.12	2.30
Balances with scheduled banks	66.89	290.16
	67.01	292.46

Notes:

- (a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 Cash Flow Statements specified under Section 133 of the Companies Act, 2013.
- (b) Note 1 to 48 form an integral part of the balance sheet of the company.

As per our report attached

For **A.K.G & ASSOCIATES**

Chartered Accountants

ICAI Firm registration number: 002688N

CA. HARVINDER SINGH

Partner

Membership No.: 087889

Place: Delhi

Date : 19-Feb-2020

For and on behalf of the Board of Directors of
Indosolar LimitedH.R. Gupta
Managing Director
DIN:00297722Anand Kumar Agarwal
Chief Financial OfficerTaken on Record
Gulshan GabaResolution Professional
Regn no: IBBI/IPA-001/IP-
P00548/2017-18/10978

Indosolar Limited
Statement of Changes in Equity for the year ended 31 March, 2019
(All amounts in Rupees in lakh, unless otherwise stated)

A Equity Share Capital

	Number of shares	Amount
Equity shares of Rs.10 each issued, subscribed and fully paid (refer note 13(a))		
As at 1st April 2017	358,130,000	35,813.00
Increase/(decrease) during the year	13,937,116	1,393.71
As at 31st March 2018	372,067,116	37,206.71
Increase/(decrease) during the year	-	-
As at 31st March 2019	372,067,116	37,206.71

B Instruments entirely equity in nature

	Number of shares	Amount
Compulsorily Convertible Preference Shares (refer note 13(b))		
As at 1st April 2017	9,500,000	950.00
Increase/(decrease) during the year	(9,500,000)	(950.00)
As at 31st March 2018	-	-
Increase/(decrease) during the year	-	-
As at 31st March 2019	-	-

C Other Equity
For the year ended 31 March, 2019

	Equity	Reserves and Surplus		Total
	Interest free	Securities	Retained	
Balance as at 31 March 2017	384.24	22,153.30	(89,202.08)	(66,664.54)
Profit for the year	-	-	(16,283.52)	(16,283.52)
Allotment of equity shares		76.84		76.84
Other Comprehensive Income				
Re-measurement of defined benefit plans	-	-	11.55	11.55
Total Comprehensive Income for the year	-	76.84	(16,271.97)	(16,195.14)
Balance as at 1 April 2018	384.24	22,230.14	(105,474.05)	(82,859.67)
Profit for the year			(52,501.30)	(52,501.30)
Allotment of equity shares				-
Other Comprehensive Income				
Re-measurement of defined benefit plans			5.77	5.77
Total Comprehensive Income for the year	-	-	(52,495.53)	(52,495.53)
Balance as at 31 March 2019	384.24	22,230.14	(157,969.58)	(135,355.20)

i) Refer note 14 for nature and purpose of reserves

Note 1 to 48 form an integral part of the balance sheet of the company.

As per our report attached

For **A.K.G & ASSOCIATES**
Chartered Accountants
ICAI Firm registration number: 002688N

CA.HARVINDER SINGH
Partner
Membership No.: 087889

Place: Delhi
Date : 19-Feb-2020

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

H.R. Gupta
Managing Director
DIN:00297722

Anand Kumar Agarwal
Chief Financial Officer

Taken on Record
Gulshan Gaba

Resolution Professional
Regn no: IBBI/IPA-001/IP-
P00548/2017-18/10978

Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

1. Corporate information

Indosolar Limited is a public company domiciled and headquartered in India. The Company's shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is the leading Indian manufacturer of solar photovoltaic cells and its manufacturing facility is located at Greater Noida, Uttar Pradesh.

The Company had shut down its production facilities w.e.f 15th May, 2018.

The company is under Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code. Its affairs, business and assets are being managed by the Resolution Professional appointed by the Hon'ble NCLT New Delhi vide its order dated 12 April 2019 under the provisions of the Code as Interim Resolution Professional and subsequently as per section 22 of the Code as Resolution Professional of Indosolar Limited.

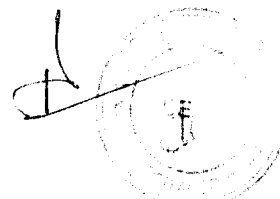
As per the Corporate Insolvency Resolution Process (CIRP), in our case Form G has been issued and two Resolution Plans were submitted Resolution Applicants, which are under consideration.

2. Authorization of Financial Statements

After admission of application by the Hon'ble NCLT, Mr. Gulshan Gaba has in his capacity as IRP has taken control and custody of the management and operations of the Company from 16th April 2019. For the information set out in the financial statements for the year ended March 31, 2019, the RP has relied upon the accuracy and veracity of any and all information and data provided by the officials of the Company and the records of the Company made available by such officials. For all such information and data, the RP has assumed that such information and data are in the conformity with the Companies Act, 2013 and other applicable laws with respect to the preparation of the financial statements and that they give true and fair view of the position of the Company as of the dates and period indicated therein. Accordingly, the RP is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial statements. As the powers of the Board of Directors have been suspended, the above results have not been adopted by Board of Directors. However, the same have been signed by Mr. H.R. Gupta, Managing Director and Mr. Anand Kumar Agarwal, Chief Financial Officer of the Company confirming accuracy and completeness of the results and taken on record by Mr. Gulshan Gaba, Resolution Professional.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

3. Significant accounting policies

The significant accounting policies applied by The Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

(i) Basis of preparation

a) Statement of compliance with Ind AS:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 and the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

b) Basis of measurement

These financial statements are prepared under the historical cost convention except for the following material items those have been measured at fair value as required by relevant IndAS :

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans - plan assets measured at fair value;

Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value measurement:

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Where required/appropriate, external valuers are involved.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy established by Ind AS113, that categorizes into three levels, the inputs to valuation techniques used to measure fair value. These are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

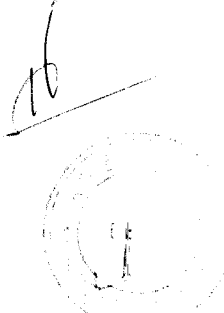
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly(i.e. as prices) or indirectly(i.e. derived from prices).

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (*Level 3 inputs*).

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

The Company recognises transfers between levels of fair value hierarchy at the end of reporting period during which change has occurred.

c) Current non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

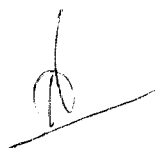
The Company classifies all other liabilities as non-current.


Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months. However, for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as normal operating cycle.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

d) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

e) Rounding of amounts:

All amounts disclosed in the financial statements and notes are in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

(ii) Use of estimates:

The preparation of financial statements in conformity with the recognition and measurement principles of the Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses and the results of operations during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

(iii) Revenue recognition: Sale of goods:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which is mainly upon delivery and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, value added tax, etc.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

(iv) Property, plant and equipment (PPE)

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Cost of an item of property, plant and equipment comprises –

- i. its purchase price, including import duties and non –refundable purchase taxes (net of duty/ tax credit availed), after deducting trade discounts and rebates.
- ii. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iii. borrowing cost directly attributable to the qualifying asset in accordance with accounting policy on borrowing cost.
- iv. the costs of dismantling, removing the item and restoring the site on which it is located.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, related pre-operational expenses and for qualifying assets applicable borrowing costs to be capitalised in accordance with the Company's accounting policy. Administrative, general overheads and other indirect expenditure (including borrowing costs) incurred during the project period which are not directly related to the project nor are incidental thereto, are expensed.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other items of PPE, commences when the assets are ready for their intended use.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Machinery spares which meets the criteria of PPE is capitalized and depreciated over the useful life of the respective asset.

Deemed cost on transition to Ind AS:

Under the Previous GAAP, all property, plant and equipment were carried at in the Balance Sheet on basis of historical cost, except leasehold land which was carried at revalued amount. The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP (including previous GAAP revaluation of leasehold land as at 31st December, 2008) and use such carrying value as its deemed cost as of the transition date.

Depreciation:

Depreciation on fixed assets (other than freehold land and capital work in progress) is provided on the straight line method, based on their respective estimate of useful lives, as given below. Estimated useful lives of assets are determined based on internal assessment estimated by the management of the Company and supported by technical advice wherever so required. The management believes that useful lives currently used, which is as prescribed under Schedule II to the Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these lives in certain cases are different from lives prescribed under Schedule II.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Type of assets	Useful life in years
Leasehold Land	Over Lease Period i.e. 90 years
Buildings	
Factory Building	30 years
Non Factory Buildings	60 years
Plant and Machinery *	5 – 25years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	8 - 10 years
Computers	3 years

*Based on internal technical evaluation and external advised received, the management believes that the useful lives as considered for arriving at the depreciation rates, best represent the period over which management expect to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Assets individually costing Rs. 5000 or less are fully depreciated in the year of acquisition.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is retired from active use and is held for disposal and the date that the asset is derecognised.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation methods, useful lives and residual values are reviewed periodically including at the end of each financial year. Any changes in depreciation method, useful lives and residual values are treated as a change in accounting estimate and applied/adjusted prospectively, if appropriate.

Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(v) Intangible assets

Identifiable intangible assets are recognized when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets with finite useful lives are recognised at cost of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as 'intangible assets under development'.

An intangible asset should be derecognised (eliminated from the balance sheet) on disposal or when no future economic benefits are expected from its use and subsequent disposal.

Gains or losses arising from the retirement or disposal of an intangible asset should be determined as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the statement of profit and loss.

Deemed cost on transition to Ind AS:

Under the Previous GAAP, all Intangible assets were carried at in the Balance Sheet on basis of historical cost. The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Amortisation:

Intangible assets are amortised on a straight line basis over the estimated useful lives of respective assets from the date when the asset are available for use, on pro-rata basis.

Estimated useful lives by major class of finite-life intangible assets are as follows:

Type of assets	Useful life in years
Computer software	5 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(vi) Financial instruments

Financial Assets:

Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, except for trade receivables which are initially measured at transaction price. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are added to or deducted from the fair value of the financial assets.

Financial assets are subsequently classified as measured at

- amortised cost (if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding)
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVTOCI).

Derecognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposures.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. This involves use of provision matrix constructed on the basis of historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Financial Liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Financial liabilities

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The fair value of a financial instrument at initial recognition is normally the transaction price. If the Company determines that the fair value at initial recognition differs from the transaction price, difference between the fair value at initial recognition and the transaction price shall be recognized as gain or loss unless it qualifies for recognition as an asset or liability. This normally depends on the relationship between the lender and borrower or the reason for providing the loan. Accordingly, in case of interest-free loan from promoters to the Company, the difference between the loan amount and its fair value is treated as an equity contribution to the Company.

In accordance with Ind AS 113, the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss, unless and to the extent capitalised as part of costs of an asset.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Trade and other payables

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(vii) Preference shares

a. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.



Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

b. Contingent Convertible preference shares

A contingent convertible preference shares is an instrument that is convertible, at the option of the holder, only on the occurrence of a contingent event outside of the control of the holder or the issuer. If the contingent event occurs then the holder has the option, but not the obligation, to convert. If the contingent event does not occur, then the instrument will be settled in cash at maturity/due dates.

The fact that conversion is only contingent does not mean the instrument has no equity component. If, on occurrence of the contingent event, exercise of the conversion option would result in the exchange of a fixed number of the issuer's own equity instruments for a fixed amount of cash (in the functional currency of the issuing entity), the conversion option would meet the definition of an equity instrument under IAS 32 and the overall instrument would be treated as compound instrument.

Whether or not the contingency is within the control of the issuer is an important consideration when classifying financial instruments with contingent settlement provisions as either financial liabilities or equity.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

If a contingent settlement provision is regarded as outside the control of the issuing entity, the instrument is classified as a liability by the issuer. If a contingent settlement provision is regarded as within the control of the reporting entity, the instrument will be classified as equity, provided that it has no other features requiring its classification as a liability and that the contingent settlement event is also outside the control of the holder.

The Company has issued 1% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) to Union Bank of India under Debt Settlement Agreement pursuant to One Time Settlement with them. In case of an event of default by the Company in timely repayment/redemption as defined in the said Agreement, the Bank has a right to convert the preference shares into equity at a Conversion Price, being higher of par value and market value of the equity share in accordance with SEBI formula. Hence the contingent settlement event is Event of default by the Company which is not within the issuer's (the Company's) control and the exercise of the conversion option would result in the exchange of a variable number of the issuer's own equity instruments.

The Company, the issuer of the instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability). Therefore, it is a financial liability of the Company.

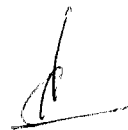
(viii) Impairment of Non-financial assets

The carrying amounts of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation). Impairment of assets was carried out on 30.09.2018 details of which is given under Note 44 (b)(iii).

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(ix) Borrowing costs

Borrowing costs comprises interest expense on borrowings calculated using the effective interest method and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included in the cost of those assets. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(x) Foreign currency transactions

The financial statements are presented in Indian Rupees (INR), the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Under Previous GAAP, the Company had opted for paragraph 46A of Accounting Standard for 'Effect of Changes in Foreign Exchange Rates' (AS 11) which provided an alternative accounting treatment whereby exchange differences arising on long term foreign currency monetary items relating to depreciable capital asset can be added to or deducted from the cost of the asset and should be depreciated over the balance life of the asset.

Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company has elected to avail this optional exemption. However, the capitalization of exchange differences is not allowed on any new long term foreign currency monetary item recognized from the first Ind AS financial reporting period.

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Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(xi) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on borrowing cost. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Operating lease:

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset or the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(xii) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials, stores and spares: cost includes cost of purchase (viz. the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition and is net of trade discounts, rebates and other similar items) and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Spare parts, which do not meet the definition of property, plant and equipment are classified as inventory.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

(xiii) Employee benefits

Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, social security contributions, short term compensated absences (paid annual leaves) etc. are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled and are expensed in the period in which the employee renders the related service.

Post-employment benefits :

i) Defined contribution plan

The defined contribution plan is postemployment benefit plan under which the Company contributes fixed contribution to a government administered fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which employee renders the related service.

ii) Defined benefit plan

The Company's obligation towards gratuity liability is funded to an approved gratuity fund, which fully covers the said liability under Cash Accumulation Policy of Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

The amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the current year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss).

The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value of the defined benefit obligation resulting from experience adjustments and effects of changes in actuarial assumptions), the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) and is recognised immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss account in subsequent periods.

Other long-term employee benefit obligations:

The liabilities for earned leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit.

(xiv) Government Grant:

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Accordingly, government grants :

- a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income in profit or loss on a systematic basis over the useful life of the assets.
- b) related to an expense item is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

In the unlikely event that a grant previously recognized is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Corporate Social Responsibility

The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since there is no average profit in the last 3 years calculated as per the provisions of the Act.

(xv) Taxation

Tax expense comprises of current and deferred tax and includes any adjustments related to past periods in current and/or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

Current income tax:

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.


Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(xvi) Provisions and contingencies

Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Contingencies:

Contingent liabilities

A contingent liability is:

- a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events but is not recognised because :
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed unless the contingency is remote.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised but are disclosed when the inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(xvii) Segment Reporting

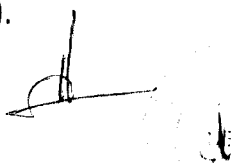
Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Company is primarily engaged in manufacture of solar cells and modules. The Company's Chief Operating Decision Maker (CODM) is the Managing Director. He evaluates the Company's performance and allocates resources based on analysis of various performance indicators by geographical areas only. Accordingly, there is no operating segment or reportable segment as such.

(xviii) Related party

A related party is a person or entity that is related to the reporting entity and it includes :

- (a) A person or a close member of that person's family if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to the reporting entity if any of the following conditions apply:
 - (i) The entity and the reporting entity are members of the same Group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

(a) that person's children, spouse or domestic partner, brother, sister, father and mother;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related party transactions and outstanding balances disclosed in the financial statements are in accordance with the above definition as per Ind AS 24.

(xix) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits/investments with an original maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value. These exclude bank balances (including deposits) held as margin money or security against borrowings, guarantees etc. being not readily available for use by the Company.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short term deposits and exclude items which are not available for general use as on the date of Balance Sheet, as defined above, net of bank overdrafts which are repayable on demand where they form an integral part of an entity's cash management.

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Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

(xx) Cash Flow Statement:

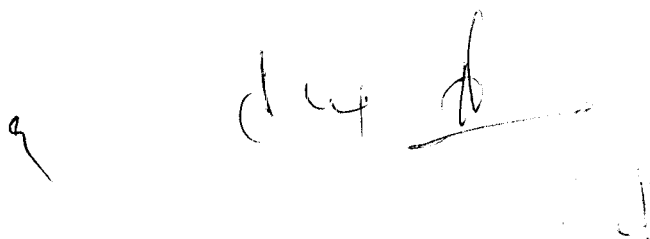
Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method as set out in Ind AS 7 'Statement of Cash Flows', adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and
- iii. all other items for which the cash effects are investing or financing cash flows.

(xxi) Earnings per share:

The Basic Earnings per equity share ('EPS') is computed by dividing the net profit or loss after tax before other comprehensive income for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied (i.e. the events have occurred).

Diluted earnings per equity share are computed by dividing the net profit or loss before OCI attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares (including options and warrants). The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Contingently issuable potential ordinary shares (such as contingently issuable convertible instruments) are included in the diluted earnings per share in accordance with Ind AS 33. The Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) issued by the Company to Union Bank of India under Debt Settlement Agreement where the Bank has a right to convert the preference shares into equity in the event of default are in fact contingent convertible preference shares and the contingent settlement event is Event of default by the Company. As the said event has not happened till the end of the reporting period, exercise or conversion is not assumed for the purpose of calculating diluted earnings per share and accordingly potential ordinary shares are not included in the calculation of diluted earnings per share. Anti-dilutive effects are ignored.

(xxii) Events after Reporting date:

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Where the events are indicative of conditions that arose after the reporting period, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

(xxiii) Exceptional Items:

An item of Income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the financial statements.

(xxiv) New and amended standards and interpretations: effective for the reporting period

Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) notified Ind AS 116 'Lease' and amendments in other Ind ASs and is applicable to the Company with effect from April 1, 2019.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)

Ind AS116 Leases:

Ind AS116 will replace the existing leases Standard, Ind AS17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The standard permits two possible methods of transition:

- Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under this approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset.

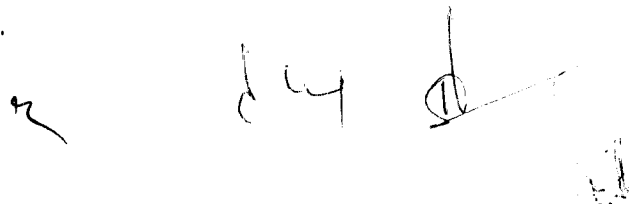
The Company is currently evaluating the effect of this amendment on the financial statements.

(xxv) New and amended standards and Interpretations: Issued but not yet effective.

The Company is still evaluating the applicability and relevance of certain new standards & Interpretations to existing standards issued, but not yet effective, upto the date of issuance of the Company's financial statements, on the Company's operations and its impact on the financial statements of the Company in terms of results, presentation or disclosure. Those that may be relevant to the Company are set out below. The Company shall adopt them, if applicable, when they become effective.

Ind AS 115 "Revenue from Contracts with Customers"

On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Ind AS 115, "Revenue from Contract with Customers". The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.



Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees lakhs, unless otherwise stated)


Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits following two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

Amendment to Ind AS 12 "Income Taxes"

The amendment to Ind AS 12 requires the entities to consider restriction in tax laws in sources of taxable profit against which may make deductions on reversal of deductible temporary differences (may or may not have arisen from same source) and also consider probable future taxable profit. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

Amendment to Ind AS 21 The Effects of Changes in Foreign Exchange Rates"

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

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Indosolar Limited
(All amounts in Rupees in lakh, unless otherwise stated)
4(a) Property, plant and equipment

Particulars	Leasehold Land*	Building - Factory	Building - Non Factory	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
Cost or Deemed cost									
Balance as at April 1, 2018	2,407.31	6,343.35	1,239.92	37,933.93	265.81	48.85	86.84	27.76	48,353.77
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	60.03	-	60.03
Impairments**	-	(1,581.31)	(323.68)	(22,857.99)	-	-	-	-	(24,762.98)
Balance as at March 31, 2019	2,407.31	4,762.04	916.24	15,075.94	265.81	48.85	26.81	27.76	23,530.76

Accumulated depreciation									
Balance as at April 1, 2018	60.46	442.28	44.08	4,967.13	143.16	10.00	38.68	11.09	5,716.88
Depreciation charge for the year	30.23	225.11	22.04	2,033.20	71.60	8.52	10.62	7.90	2,409.22
Disposals	-	-	-	-	-	-	26.31	-	26.31
Balance as at March 31, 2019	90.69	667.39	66.12	7,000.32	214.76	18.52	22.99	18.99	8,099.79

Net carrying amount									
Balance as at April 1, 2018	2,346.85	5,901.07	1,195.84	32,966.79	122.65	38.85	48.16	16.67	42,636.89
Balance as at March 31, 2019	2,316.63	4,094.64	850.12	8,075.61	51.06	30.32	3.82	8.77	15,430.98

*** Asset held under finance lease**

Leasehold land was revalued by an independent valuer as on 31st December, 2008, resulting in increase in its value by Rs.2,273.50 which was credited to Revaluation Reserve. Pursuant to the scheme of amalgamation approved by the Board of directors of Indosolar Limited (formerly known as Robin Solar Private Limited) ('Robin') or ('the Company') on 16 March 2009 and sanctioned by the High Court of Judicature at Allahabad vide order dated 16 September 2009, erstwhile Indosolar Limited ('Transferor Company') amalgamated into the Company ('Transferee Company') w.e.f. the appointed date, i.e. 1 January 2009, the amount of Rs.2,273.50 in respect of payments to be made to the shareholders was adjusted against revaluation reserve existing in Robin's books as at 31 December 2008 as per the scheme.

** In respect of Property, Plant and Equipment (PPE), the management has performed an assessment of impairment of carrying value of PPE. The assessment has been done taking into consideration the market value of assets determined by using the Valuation Report of Valuers. The value used is Gross Value calculated by Valuer. As per such assessment, the management has determined recoverable value of the assets and has recognized an impairment loss of Rs. 22857.99 in the value of Plant and Machinery on the basis of valuation report as on 30.09.2018 and Rs. 1904.99 in the value of Building on the basis of valuation report as on 29.03.2018 during the financial year 2018-19. [Refer Note 44 (B)(iii)]

Charge has been created against the aforesaid assets for the borrowings taken by the company. (refer note 15, 16, 18 & 45)

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Indosolar Limited
(All amounts in Rupees in lakh, unless otherwise stated)

Information regarding gross block of assets, accumulated depreciation has been disclosed by the company separately as follows :

Particulars	Leasehold Land	Building - Factory	Building - Non Factory	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Computers	Total
As at April 1, 2016									
Gross Block	2,581.03	3,519.49	1,403.32	58,888.86	590.83	71.46	263.60	47.67	67,366.26
Less : Accumulated Depreciation	223.94	805.13	159.64	21,030.65	328.58	63.32	176.76	37.40	22,825.42
Net Book Value as per previous GAAP	2,357.09	2,714.36	1,243.68	37,858.21	262.25	8.14	86.84	10.27	44,540.84
Effect of accounting of transaction costs (Processing fees) on borrowings as per Effective interest rate (EiR) method	-	0.34	(3.76)	(387.66)	-	-	-	-	(391.08)
Effect of re-classification of Stores and Spares as Property, Plant and Equipment	-	-	-	53.55	-	-	-	-	53.55
Effect of treating the leasehold land as finance lease	50.22	-	-	-	-	-	-	-	50.22
Deemed Cost as at April 1, 2016	2,407.31	2,714.70	1,239.92	37,524.11	262.25	8.14	86.84	10.27	44,253.54

4(b) Capital work-in-progress

Particulars	Plant and
Balance as at April 1, 2018	25,747.97
Additions*	606.83
Assets capitalised during the year-Line B	-
Impairment**	(18,056.14)
Balance as at March 31, 2019	8,298.65

* Includes Unrealised Foreign exchange gain of Rs. 170.33

** In respect of Property, Plant and Equipment (PPE) including under installation (disclosed under CWIP), the management has performed an assessment of impairment of carrying value of PPE. The assessment has been done taking into consideration the market value of assets determined by using the Valuation Report of Valuer as on 30.09.2018. The value used is Gross Value calculated by Valuer. As per such assessment, the management has determined recoverable value of the assets and has recognized an impairment loss of Rs. 18056.14 lakh in the carrying value of Property, Plant and Equipment (CWIP) during the financial year 2018-19. [Refer Note 44 (B)(iii)]

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Indosolar Limited
(All amounts in Rupees in lakh, unless otherwise stated)

4(c) Other intangible assets

Particulars	Computer
At Cost or Deemed cost	
Balance as at April 1, 2018	23.16
Additions	-
Disposals	-
Balance as at March 31, 2019	23.16
Accumulated depreciation	
Balance as at April 1, 2018	5.90
Depreciation charge for the year	4.47
Disposals	-
Balance as at March 31, 2019	10.37
Net carrying amount	
Balance as at April 1, 2018	17.26
Balance as at March 31, 2019	12.79

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Indosolar Limited

Notes to the financial statements for the year ended 31 March, 2019

(All amounts in Rupees in lakh, unless otherwise stated)

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
5 Financial assets-Loans				
Unsecured, considered good				
Security deposits	157.69	403.90	-	-
Advance to employees	-	-	-	4.77
	157.69	403.90	-	4.77

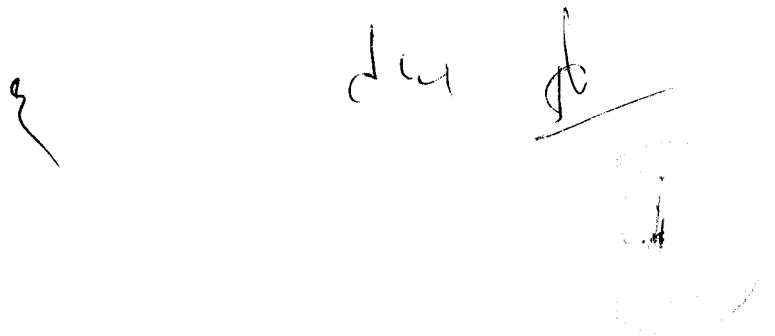
	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
6 Other financial assets				
Unsecured, considered good				
Deposits with banks remaining maturity of more than	-	50.00	-	-
Interest accrued but not due on fixed deposit	-	37.27	55.84	-
	-	87.27	55.84	-

7 Deferred Tax Assets

Refer Note 31

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
8 Other Assets				
Unsecured, considered good				
Capital advances	-	1,017.28	623.55	-
Balance with statutory/government authorities	-	-	63.32	632.02
Prepaid expenses	-	-	0.17	28.47
Advances for materials and services	-	-	182.41	160.53
TDS Receivable*	36.04	33.74	-	-
Unsecured, considered doubtful				
Balance with statutory/government authorities	-	-	-	242.51
	36.04	1,051.02	869.45	1,063.53
Less : Provision for balance with	-	-	-	(242.51)
	36.04	1,051.02	869.45	821.02

*Includes TDS for FY 2018-19



Indosolar Limited

Notes to the financial statements for the year ended 31 March, 2019

(All amounts in Rupees in lakh, unless otherwise stated)

9 Inventories

	As at 31 March 2019	As at 31 March 2018
Raw material and components	-	1,636.04
Finished goods*	-	439.30
Traded goods*	-	76.09
Stores, spares and other consumables	537.34	514.18
	537.34	2,665.61

Raw material and components

Particulars	Quantity	Value
Chemical (in Ltrs)	3,478	0
Gas	4,523	0
Paste (in Kgs)	9,765	0
Screen (in Nos)	1,375	0
Wafer (in Nos)	40,850	0
<i>Total</i>	59,991	0

Finished Goods

Particulars	Quantity (Pcs)	Value
Multicrystalline Photovoltaic solar cell	22,218	0
Multicrystalline Photovoltaic solar cell	5,030	0
Multicrystalline Photovoltaic solar cell (Cut Cells)	137,819	0
Rejected Cell	157,730	0
Module (3C/1)	44	0
Module (Malakpur)	330	0
<i>Total</i>	323,171	0

*Since all the above material has expired the present market value is zero as except immaterial scrap value which cannot be determined as on date.

10 Trade receivables (current)

	As at 31 March 2019	As at 31 March 2018
Considered good, unless otherwise stated		
Unsecured, considered good	14.53	291.30
Unsecured, considered doubtful	354.86	248.10
	369.39	539.40
Less : Allowance for doubtful trade receivables	(354.86)	(248.10)
	14.53	291.30

There are no trade receivables due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

11 Cash and cash equivalents

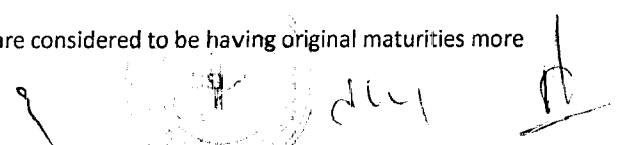
	Current	
	As at 31 March 2019	As at 31 March 2018
Bank balance in current account	66.89	290.15
Cash on hand	0.12	2.30
Deposits with original maturity of less than three months	-	-
	67.01	292.45

12 Bank balances (other than cash & cash equivalent)*

	Current	
	As at 31 March 2019	As at 31 March 2018
Deposits with bank with original maturities more than 12 months **	5.11	397.30
Deposits with bank with original maturities more than 3 months and less than 12 months	400.00	5.10
	405.11	402.40
Amount disclosed under non current assets (refer note 6)	-	(50.00)
	405.11	352.40

* Deposits are in the nature of margin money pledged with banks.

** As information regarding original maturity is not available, deposits are considered to be having original maturities more than 12 months

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

13(a) Equity share capital	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorised share capital				
Equity shares of Rs.10 each	500,000,000	50,000.00	500,000,000	50,000.00
Issued, subscribed and fully paid up shares				
Equity shares of Rs.10 each	372,067,116	37,206.71	372,067,116	37,206.71

13(b) Instruments entirely equity in nature Preference Shares	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorised share capital				
Preference shares of Rs.10 each	500,000,000	50,000.00	500,000,000	50,000.00
Issued, subscribed and fully paid up shares				
Compulsorily Convertible Preference shares of Rs.10	-	-	-	-

The Company has also issued 20,70,00,000 no. of optionally convertible cumulative redeemable preference shares (OCCRPS) of Rs. 10 each on 27th May, 2017 which has been shown as Non-Current Borrowings (being liability).
Refer note 15

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

Equity shares	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	372,067,116	37,206.71	358,130,000	35,813.00
Add : Shares issued during the year			13,937,116	1,393.71
Outstanding at the end of the year	372,067,116	37,206.71	372,067,116	37,207
Preference shares				
i. Compulsorily Convertible Preference Shares				
At the beginning of the year	-	-	9,500.00	950.00
Add : Shares issued during the year	-	-	-	-
Less : Conversion into equity share			(9,500.00)	(950.00)
At the end of the year				

ii. Optionally Convertible Cumulative Redeemable Preference Shares

Considered as liability (refer note 15)

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b Term and rights attached to shares:

(i) 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.

(ii) Preference shares

The Company had issued 9,500,000 zero coupon non-convertible, non-cumulative redeemable preference shares having par value of Rs. 10 each per share in the year ended 31 March 2013. In the Annual General Meeting held on 30th September, 2015, the shareholders had approved change in terms of 9,500,000 zero coupon non-convertible, non-cumulative redeemable preference shares to 9,500,000 compulsorily convertible preference shares 'CCPS'. "In-principle" approval from stock exchanges had been received on 16 October 2015 and on 4 April 2016 from NSE and BSE respectively. Accordingly, on 8 April 2016, the Company changed the terms of preference shares subject to the condition that the mentioned 9,500,000 compulsorily convertible preference shares locked-in for a period of one year from the date of allotment. The said CCPS were converted into 87,31,617 equity shares @ 10.88 per equity share (including premium of Rs. 0.88 per share) on 27th May, 2017. The preference shareholders will have right of dividend or to vote at the General Meeting of Equity Shareholders after the conversion into equity shares.

c Particulars of shareholders holding more than 5%

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% of total shares in the class	No. of Shares	% of total shares in the class
Equity shares of Rs. 10 each fully paid				
Hulas Rahul Gupta	80,385,494	21.61%	80,385,494	21.61%
Greenlite Lighting Corporation	74,446,551	20.01%	74,446,551	20.01%
Late Bhushan Kumar Gupta	56,500,001	15.19%	56,500,001	15.19%

Preference shares of Rs. 10 each fully paid

a. Compulsorily Convertible Preference Shares

b. Optionally Convertible Cumulative Redeemable Preference Shares

Considered as liability (refer note 15)

d Aggregate number of share issued for consideration other than cash, bonus shares issued and shares bought back during the period of five years immediately preceding the reporting period:

Particulars	As at 31 March 2019	As at 31 March 2018
Equity shares allotted as fully paid up pursuant to contracts without payment being received in cash *	-	13,937,116.00
Equity shares allotted as fully paid up by way of bonus shares	-	-
Equity Shares bought back by the company	-	-

* Also refer note (b)(i) above.

Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

14 Other Equity

	<u>As at 31 March 2019</u>	<u>As at 31 March 2018</u>
Equity Component of Interest free loans from Promoters	384.24	384.24
Reserves and Surplus :		
Securities Premium	22,230.14	22,230.14
Retained Earnings	(157,969.58)	(105,474.05)
Total reserves and surplus	<u>(135,739.45)</u>	<u>(83,243.91)</u>
Total	<u>(135,355.21)</u>	<u>(82,859.67)</u>

Nature and purpose of reserves

a.) Security Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. This can be utilized in accordance with the provisions of the Companies Act, 2013.

b.) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any distributions paid to the shareholders. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

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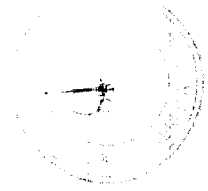
**15 Non-current borrowings
(Also refer note 16 & 45)**

	Non-current portion		Current maturities	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
TERM LOAN FROM BANKS:				
Facility A - Term Loan (secured)	-	-	24,726.70	24,692.05
Facility B - Priority Medium Term Loan (secured)	-	-	6,838.73	6,838.73
Facility C - Working Capital Term Loan (secured)	-	-	8,583.60	8,591.11
Facility D - Funded Interest Term Loan (secured)	-	-	6,966.53	6,966.53
Term loan from Union Bank (secured)	-	-	-	-
OTS Facility from Union Bank	-	17,899.59	18,574.59	900.00
Preference shares (refer note 1 below)	-	12,016.34	13,027.11	-
Long term maturities of Finance lease obligations (unsecured)	83.60	74.97	8.63	8.63
Loan from related party:				
Loan from related party (unsecured) {Refer note 34}	500.73	452.12	-	-
	584.32	30,443.02	78,725.89	47,997.05
Total above amount includes				
Secured borrowings	(0.00)	29,915.93	78,717.26	47,988.42
Unsecured borrowings	584.32	527.09	8.63	8.63
	584.32	30,443.02	78,725.89	47,997.05
Less: Amount disclosed under "Other current financial liabilities" (Refer note 20)	-	-	(78,725.89)	(47,997.05)
	584.32	30,443.02	-	-

* As per Ind AS 109, the processing fees (i.e transaction cost) on Borrowings (having floating rate of interest) is adjusted against the borrowings upon initial recognition and the same is amortised over the tenure of the Borrowings. The un-amortised transaction cost adjusted against Borrowings as at 31.03.2019 is Rs. 74.46 (As at 31.03.2018: Rs. 124.91).

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

(I) Preference shares

a)

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorised share capital				
Preference shares of Rs.10 each	50,00,00,000	50,000.00	50,00,00,000	50,000.00
Issued, subscribed and fully paid up shares				
Optionally Convertible Cumulative Preference shares of Rs.10 each	20,70,00,000	20,700.00	20,70,00,000	20,700.00

b) Reconciliation of preference shares outstanding at the beginning and at the end of the reporting period:

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Optionally Convertible Cumulative Redeemable Preference Shares				
At the beginning of the year	20,70,00,000.00	20,700.00	-	-
Add : Shares issued during the year	-	-	20,70,00,000.00	20,700.00
Less : Conversion into equity share	-	-	-	-
At the end of the year	20,70,00,000	20,700.00	20,70,00,000.00	20,700.00

c) One Time Settlement (OTS) facility from Union Bank:

During the year 2017-18, the Company has received the approval of One Time Settlement ('OTS') Scheme from Union Bank of India ('Bank') vide sanction letters dated 20.10.2017 which were duly approved by the Board of Directors in their meeting held on 20th December, 2017. The OTS proposal contains: (a) the waiver of interest till March 2018 which includes interest of Rs. 20,707.50 recognized in the books of account till September 2017, (b) restructuring of loan liability amounting to Rs. 20,866.44, carrying interest @ 1 Y MCLR (presently 8.20%) on monthly basis. MCLR to be rest on annual basis subject to a minimum of 8.20% p.a. and payable in 29 installments commencing from 31.10.2017 and ending on 31.03.2024, (c) conversion of part of the loan amounting to Rs. 20,700.00 into 1% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) which are redeemable in 16 quarterly installments commencing from 30.06.2024 and ending on 31.03.2028.

As per the terms of OTS if the company does not pay as per stipulations, the OTS proposal will stand cancelled automatically and the bank will take suitable legal steps for recovery of entire dues. The Bank has option to convert OCCRPS into equity shares, in case of default in the payment of principal sum of the OCCRPS and Coupons on the due date.

During the year 2018-19, the Company has defaulted in payment of interest due from 31.07.2018 onwards and installment due from 30th September 2018 and onwards. Due to such default, OTS has been revoked vide letter having reference no. IFB:CR:IND:2018-19/2011 dated 12.12.2018. Consequently, Interest waived amounting to Rs. 17,389.48 lakh upto 31.03.2017 is to be reversed and (ii) interest for the interest free period i.e. April 2017 to March 2018 (amount not ascertained) is become payable, (iii) The bank has also withdrawn other concessions i.e. lower rate of interest charged on outstanding amount for the period from April 2018 onwards etc, (iv) the entire principal amount has become payable.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

d) Details of OCCRPS :

The 1% Optionally Convertible Redeemable Preference Shares(OCCRPS) were redeemable in 16 quarterly installments commencing from 30.06.2024 and ending on 31.03.2028.

As per Ind AS 109, the OCCRPS have been recorded at fair value . Interest rate considered @ 8.20% p.a.

The company has issued OCCRPS of Rs. 20,700 during the year ended 31.03.2018. The company need to repay OCCRPS in the following years-

Years	Amount of OCCRPS	Dividend (inclusive of DDT)
2024-25	5,175.00	444.00
2025-26	5,175.00	507.00
2026-27	5,175.00	568.00
2027-28	5,175.00	631.00

As per the terms of OTS, If the company does not pay as per stipulations, the OTS proposal will stand cancelled automatically and the bank will take suitable legal steps for recovery of entire dues. The Bank has option to convert OCCRPS into equity shares, in case of default in the payment of principal sum of the OCCRPS and the Coupons on the due date. During the year 2018-19, the Company has defaulted in payment of interest due from 31.07.2018 onwards and installment due from 30th September 2018 and onwards.

e) Particulars of shareholders holding more than 5%

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% of total shares in the class	No. of Shares	% of total shares in the class

Optionally Convertible Cumulative Preference Shares

Union Bank of India

20,70,00,000 100%

f) Aggregate number of share issued for consideration other than cash, bonus shares issued and shares bought back during the period of five years immediately preceding the reporting period:

Particulars	As at 31 March 2019	As at 31 March 2018
Preference shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-
Preference shares allotted as fully paid up by way of bonus shares	-	-
Preference Shares bought back by the company	-	-

The company had allotted fully paid up 20,70,00,000 OCCRPS during the year 2017-18 on conversion of loans into preference shares to the banks on default in repayment. Accordingly, the same is not disclosed under "Preference shares allotted as fully paid up pursuant to contracts without payment being received in cash". However, during the year 2018-19, in relation to OTS the Company has defaulted in payment of interest due from 31.07.2018 onwards and installment due from 30th September 2018 and onwards.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

g) Gain on modification of loan (treated as extinguishment) due to fair valuation of 1% OCCRPS in part settlement of debt of Union Bank of India amounting of Rs. 9,077.92 based on discounting rate using the rate of interest applicable on the remaining loans by the bank is treated as an exceptional item.

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

Nature of Security

a) Facility A - Term Loans

(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, 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.

Terms of repayment and rate of interest

Repayment term:
Refer Note 45

Rate of interest:
Refer Note 45

b) Facility B-Priority Medium Term Loan

(i) Priority medium term loans have priority charge on subsidy receivable.

(ii) In addition, the facility is secured as described in (a) above

Repayment term:
Refer Note 45

c) Facility C - Working Capital Term Loan (WCTL)

The facility is secured as described in (a) above

Repayment term:
Refer Note 45

d) Facility D - Funded Interest Term Loan ('FITL')

The facility is secured as described in (a) above

Repayment term:
Refer Note 45

e) Term loan from Union Bank

The facility is secured as described in (a) above

Repayment term:
Refer Note 45

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

f) Cash credit loan repayable on demand

- (i) First pari passu charge on all 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. Late 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:

Refer Note 45

Rate of interest:

Refer Note 45

g) Short term borrowings

The facility is secured as described in (f) above

Repayment term:

Refer Note 45

h) Buyer's credit

The facility is secured as described in (a) above

Repayment term:

Refer Note 45

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

The facility is secured as described in (h) above

Repayment term:

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

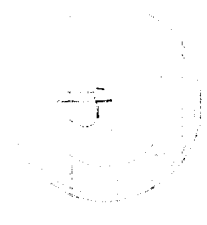
Rate of interest:

Interest varies from 4.74% to 14.94% per annum.

16 The Company has received a communication from Andhra Bank and Indian Bank informing absolute assignment and transfer of all its debts and securities etc to Asset Reconstruction Company (India) Limited (ARCIL). The Company has not charged any interest for the financial year ending 31 March 2019, 31 st March 2018 and 31 st March 2017.

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Indosolar Limited

Notes to the financial statements for the year ended 31 March 2019

(All amounts in Rupees in lakh, unless otherwise stated)

17 Provisions	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits (refer note 36 & 45)				
- Provision for gratuity	-	-	0.42	1.03489
- Provision for compensated absences	48.79	48.79	17.83	17.83
	48.79	48.79	18.25	18.86

18 Current borrowings (Refer note 45)	As at 31 March 2019	As at 31 March 2018
	From Banks (secured)	
Cash credit loans repayable on demand	2,165.64	2,165.64
Short term borrowings	1,315.81	1,326.87
Buyers credit*	-	-
Unsecured		
Loan from related party (refer note 34)	75.57	53.69
	3557.02	3546.20

* Against import of Plant and Machinery to be paid out of Priority Term Loan.

19 Current financial liabilities - Trade payables (refer Note 45)	As at 31 March 2019	As at 31 March 2018
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	8,483.80
- Total outstanding dues of micro enterprises and small enterprises (refer note 39)	86.95	126.08
	8,570.75	6,237.05

20 Current - Other financial liabilities (Refer Note 45)	As at 31 March 2019	As at 31 March 2018
	Current maturities of bank borrowings (Refer note 15)	78,717.26
Current maturities of finance lease obligations (Refer note 15)	8.63	8.63
Interest accrued and due on long term borrowings	-	-
Interest accrued and due on short term borrowings/current maturity of long term borrowings	30,490.05	27,464.49
Others*		
-Creditor for capital goods	615.73	3,361.75
-Salary,wages and bonus payable	157.68	127.54
-Other payable	571.75	573.38
	110,561.10	79,524.20

* Provisions has been made to the extent information available

21 Other current liabilities	As at 31 March 2019	As at 31 March 2018
	Revenue received in advance	
Advance from customers	673.16	95.00
Others:		
Interest accrued and due on MSMED parties (Refer Note 39)	20.10	20.30
Tax deducted at source payable	0.43	11.26
Other statutory dues payable	-	80.12
	693.69	206.68

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Indosolar Limited

Notes to the financial statements for the year ended 31 March, 2019

(All amounts in Rupees in lakh, unless otherwise stated)

22 Revenue from operations

Sale of product

Sale of products - finished goods

Sale of products - traded goods

Sale of products

Other operating revenue

Scrap sale

Cells Conversion Job work

Export Incentive Earned

Break -up of revenue from sale of products

Solar cells

Solar module

	For the year ended 31 March 2019	For the year ended 31 March 2018
	873.23	26,825.94
	446.36	4,475.15
	1,319.59	31,301.09
	2.77	36.38
	-	12.25
	-	62.65
	2.77	111.28
	1,322.36	31,412.37
	873.23	26,825.94
	446.36	4,475.14
	1,319.59	31,301.08

23 Other income

Interest income on

a) Financial assets held at amortised cost

Fixed deposits with banks

Others

b) Others

Interest on service tax refund

Other non operating income

Net gain on foreign currency transaction and translation

Profit/ (Loss) on sale of fixed assets

Provisions/Liabilities no longer required written back

Provision for doubtful debts written back

	For the year ended 31 March 2019	For the year ended 31 March 2018
	30.67	31.72
	21.72	48.15
	-	99.39
	-	238.42
	(10.39)	-
	248.49	-
	-	13.47
	290.49	431.15

24 Cost of material consumed

Inventory at the beginning of the year

Add : Purchases

Less: Purchase return

Less : Inventory at the end of the year

Cost of raw material consumed

	For the year ended 31 March 2019	For the year ended 31 March 2018
	1,636.04	821.30
	1,151.00	22,392.73
	1,645.02	-
	-	1,636.04
	1,142.02	21,577.99

25 Purchase of stock in trade

Purchase of stock in trade (solar modules)

	For the year ended 31 March 2019	For the year ended 31 March 2018
	92.98	4,401.94
	92.98	4,401.94

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Indosolar Limited**Notes to the financial statements for the year ended 31 March, 2019**

(All amounts in Rupees in lakh, unless otherwise stated)

26 Change in inventories of finished goods and traded goods**Inventories at the beginning of year**

- Finished goods

- Traded goods

Inventories at the end of year

- Finished goods

- Traded goods

Decrease/(increase) during the year

	For the year ended 31 March 2019	For the year ended 31 March 2018
	439.30	2,305.34
	76.09	120.35
	-	439.30
	-	76.09
	515.39	1,910.30

27 Employee benefit expenses

Salaries, wages and bonus

Contribution to provident and other funds (refer note 36(a))

Gratuity expenses (refer note 36(b))

Staff welfare expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
	395.11	1,203.18
	24.46	105.91
	27.27	26.49
	9.15	122.09
	455.99	1,457.67

28 Finance costs**a. Interest****i. On Financial liabilities :**

-Bank borrowings

-Other

ii. On Unwinding of discount resulting in increase in financial liabilities

-Interest free loan from promoter

-Interest on OCCRPS

iii. On Finance cost on finance lease obligation**iv. Net interest on net defined benefit liability (Refer Note 36)****b. Other borrowing cost**

	For the year ended 31 March 2019	For the year ended 31 March 2018
	3,937.07	4,551.41
	7.60	220.97
	48.60	43.89
	1,010.77	394.26
	8.63	8.63
		1.97
	80.37	130.81
	5,093.04	5,351.94

29 Depreciation and amortisation expense

Depreciation on tangible assets

Amortisation on intangible assets

	For the year ended 31 March 2019	For the year ended 31 March 2018
	2,409.22	2,806.22
	4.47	4.36
	2,413.69	2,810.58

Indosolar Limited**Notes to the financial statements for the year ended 31 March, 2019**

(All amounts in Rupees in lakh, unless otherwise stated)

30 Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Advertisement and sales promotion	11.87	47.33
Selling and distribution expenses	35.44	244.87
Fuel and power	250.98	1,716.00
Equipment rental charges	7.20	7.86
Loading and unloading charges	14.97	104.02
Spares and consumables	41.13	546.47
Consumable stores	-	221.64
Travel and conveyance	16.64	83.02
Professional Expenses	110.05	483.35
Auditor's remuneration (refer note 35)	19.15	29.26
Rent	0.60	6.68
Insurance	12.17	61.00
Communication	11.05	50.70
Repair and maintenance :		
- Plant and machinery	8.31	146.31
- Vehicle	13.03	45.88
- Others	13.66	49.09
Rates and taxes	8.24	14.89
Provision for service tax not recoverable	-	-
Provision for doubtful debts	-	-
Bad debts written off	60.18	13.21
Service tax not recoverable written off	21.60	122.98
Miscellaneous expenses*	118.70	208.79
Expenses Written off	3.68	-
Provision for doubtful debts	799.61	-
Net Loss on foreign currency transaction and translation	3.66	-
	1,581.92	4,203.34

* Miscellaneous expenses Includes Prepaid Expenses written off for Rs. 34.43 lakh for which expense wise bifurcation is not available.

Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in lakh, Unless Otherwise Stated)

	<u>31.03.2019</u>	<u>31.03.2018</u>
31 INCOME TAX		
A Components of tax expense (income) recognised in profit or loss include:		
Current tax expense:		
Income tax of earlier years	-	2.32
Total Current tax expense	<u>-</u>	<u>2.32</u>
Deferred tax (income)/expense:		
Relating to origination & reversal of temporary differences	-	-
Total Deferred tax expense/(income)	<u>-</u>	<u>-</u>
Income tax expense reported in the statement of profit or loss	<u>-</u>	<u>2.32</u>
B Components of tax expense (income) recognised in statement of OCI:	<u>31.03.2019</u>	<u>31.03.2018</u>
Deferred tax related to items recognised in OCI during in the year:	-	-
Deferred tax charged to OCI	<u>-</u>	<u>-</u>

The Company did not recognise deferred tax assets in respect of tax losses carryforwards, unabsorbed tax depreciation carryforwards, provision and allowances and other timing differences as the future profit streams were not probable.

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32 Earnings per share (EPS)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Net profit/(loss) for calculation of Basic/Diluted EPS	(52,501.30)	(16,283.52)
Reconciliation of number of shares		
Weighted average number of shares in calculating Basic EPS	372,067,116	366,834,043
Effect of Dilution:		
Effect of dilutive issue of equity shares on conversion of CCPS allotted	207,000,000	1,339,645
Weighted average number of shares in calculating Diluted EPS	579,067,116	368,173,688
Nominal Value of each share	Rs.10/-	Rs.10/-
Earning per share:		
Basic (Rs.)	(14.11)	(4.44)
Diluted * (Rs.)	(14.11)	(4.44)

* Since the effects of conversion of potential equity shares are anti-dilutive, these effects have been ignored as per Ind AS-33.

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

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33 Leases :**(a) Operating Lease: Company as a lessee****(a) General Description of leasing agreements:**

The Company has operating leases under cancellable and non-cancellable operating lease arrangements for plant and machinery and other assets which are renewable by mutual consent on mutually agreeable terms and range between 11 months to 10 years. There are no restrictions imposed by these arrangements. There are no sub leases.

Disclosures with respect to operating leases:

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Operating lease payments recognized in the Statement of Profit and Loss under 'Rental charges'	7.80	14.53
(ii) Future minimum rental payables under non-cancellable operating lease		
Not later than one year		14.40
Later than one year and not later than five years		57.60
More than five years		30.00

(b) Finance Lease:

The Company has a leasehold land for a term of 90 years. This lease involves an upfront payment of premium and an annual lease rent payment with an escalation clause of enhancing the annual lease rent after every 10 years by an amount not exceeding 50% of annual lease rent payable at the time of such enhancement. Refer Note 4 for the carrying value of leasehold land.

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Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Particulars	Minimum lease payment	Finance charges (in the nature of interest)	Present value of MLP
For the Year ended March 31, 2019			
Not later than one year	8.63	8.63	0.00
Between one year and five years	34.51	34.50	0.01
Later than five years	638.35	546.13	92.22
	681.48	589.25	92.23
Current liabilities			8.63
Non-current liabilities			83.60
- Contingent rents recognised as an expense			Nil
- Total of future minimum sublease payments expected to be received under non-cancellable subleases			Nil

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Indosolar Limited
Notes to the Financial Statements For The Year Ended 31 March 2019
(all amounts in Rupees in Lakh, Unless Otherwise Stated)

	Minimum lease payment	Finance charges (in the nature of Interest)	Present value of MLP
For the Year ended March 31, 2018			
Not later than one year	8.63	8.63	0.00
Between one year and five years	34.51	34.50	0.01
Later than five years	638.35	554.76	83.59
	681.48	597.88	83.60
Current liabilities			8.63
Non-current liabilities			74.97
- Contingent rents recognised as an expense			Nil
- Total of future minimum sublease payments expected to be received under non-cancellable subleases			Nil

34 Related Party Disclosures

a) Names of related parties and nature of relationships (as ascertained by management)

Nature of Relationship	Name of Related Party
Key Managerial Personnel	Mr. H.R Gupta (Managing Director) Late Mr. B.K Gupta (Chairman and Whole Time Director) till 17.08.2015 Mr. Gautam Kuthari (Non-Executive Independent Director)* Mr. Vidhyut Manubhai Vora (Non-Executive Independent Director)* Ms. Vinati Dev (Non-Executive Independent Director)* Mr. A.K. Agarwal (Chief financial officer) Mr. Manish Gupta (Company Secretary) - Resigned Mr. Gulshan Gaba (Resolution Professional)

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

Relatives of Key Managerial Personnel	Mrs. Priya Desh Gupta (Mother of Mr H.R.Gupta) Mrs. Abha Gupta (Wife of Mr H.R.Gupta) Ms. Roshini Gupta (Daughter of Mr H.R.Gupta) Mr. Pranav Gupta (Son of Mr H.R.Gupta)
Enterprises owned or significantly influenced by Key managerial personnel or their relatives	Greenlite Lighting Corporation

* Submitted resignation on 26/11/2018. Application for CIRP filed on 23.10.2018

b.) Transactions with related parties during the year:

Nature of Transactions	Nature of Relationship	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Managerial Remuneration			
Mr. H. R. Gupta	Key Managerial Personnel		
- Short-term employee benefits			13.50
- Post-employment benefits			1.62
- Other Long-term benefits - Termination benefits			-
Mr. B. K. Gupta			
- Short-term employee benefits			
- Post-employment benefits			
- Other Long-term benefits			
- Termination benefits			
Mr. Gautam Kuthari			
- Sitting Fees			1.50
Mr. Vidhyut Vora			
- Sitting Fees			1.00

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Ms. Vinati Dev - Sitting Fees			0.75
Mr. A. K. Agarwal - Short-term employee benefits		79.20	69.30
- Post-employment benefits		-	-
- Other Long-term benefits		-	-
- Termination benefits		-	-
Mr. Manish Gupta - Short-term employee benefits		1.07	7.73
- Post-employment benefits		-	0.66
- Other Long-term benefits		-	-
- Termination benefits		-	-
Salary Paid			
-Mr Pranav Gupta			19.61
-Ms Roshini Gupta		3.85	30.30
Sale of Fixed Asset(Car)			
-Ms Roshini Gupta (amount inclusive of GST)		7.00	-
-Ms Abha Gupta (amount Inclusive of GST)		6.40	-

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Advance against Export orders		
	Enterprises owned or significantly influenced by Key managerial personnel or their relatives	
-Greenlite Lighting Corporation		652.02

Conversion of Unsecured Loan into Equity Shares		
	Enterprises owned or significantly influenced by Key managerial personnel or their relatives	
-Greenlite Lighting Corporation		520.55

*Transactions with related parties are disclosed to the extent of availability of information.

c) Balances Outstanding

Particulars	Nature of Relationship	As at 31st March, 2019	As at 31st March, 2018
Managerial Remuneration			
-Mr. H.R Gupta			
-Mr. A. K. Agarwal	Key Managerial Personnel	47.50	2.22
-Mr. Manish Gupta			0.39
Salary			
-Mr Pranav Gupta	Relative of Key Managerial Personnel		
-Ms Roshini Gupta			3.14

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

Unsecured loan			
-Mr. H.R Gupta			53.69
-Late Mr. B.K Gupta (refer note 4 below)		75.57	614.17
-Greenlite Lighting Corporation	Enterprises owned or significantly influenced by Key managerial personnel or their relatives	652.00	-

Pledge of Shares (refer note 1 & 2 below)

-Mr. H.R. Gupta 8,03,85,494 No. of shares of Rs. 10 each [31.03.2018- 8,03,85,494 No. of shares of Rs. 10 each]			1,648.00	5,948.53
-Late Mr. B.K. Gupta 5,65,00,001 No. of shares of Rs. 10 each [31.03.2018- 5,65,00,001 No. of shares of Rs. 10 each]			1,159.00	4,181.00

*Transactions with related parties are disclosed to the extent of availability of information.

d) Also refer note 15 & 16 as regards guarantees, mortgage of their immovable properties & collateral securities received from key managerial personnel and their relatives, their related companies in respect of borrowings availed by the company.

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Indosolar Limited**Notes to the Financial Statements For The Year Ended 31 March 2019**

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

Notes:

- 1 Shares held in the name of Late shri. B.K. Gupta and not yet transferred to their legal heirs
- 2 Valued at year end market price (NSE).
- 3 As the incremental liabilities of contribution for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Managerial Personnel are not disclosed above.
- 4 Effect of Ind AS has not been considered.
- 5 Information about contributions to defined contribution plans for key management personnel has not been disclosed due to non-availability of information.

**35 Statutory Auditor's Remuneration
(Net of GST/ Service Tax)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Statutory audit fees	4.00	10.00
(b) Limited reviews fee	14.00	15.00
(c) Tax audit fees		2.00
(d) Certification charges	0.23	0.50
(e) Out of pocket expenses	0.92	1.76
	19.15	29.26

36 Employee Benefits

Refer note 3.13 for accounting policy on Employee Benefits

- a **Defined contribution plans**
 - i. Provident Fund/Employees' Pension Fund
 - ii. Employees' State Insurance

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The Company has recognized following amounts as expense in the Statement of Profit and Loss :

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Included in contribution to Provident and Other Funds (refer note 27) Employer's contribution to Provident Fund / Employees' Pension Fund	22.57	88.23
Included in contribution to Provident and Other Funds (refer note 27) Contribution paid in respect of Employees' State Insurance Scheme	1.89	13.87

(b) Defined Benefit Plan

Gratuity: The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Defined Benefit Plan- Gratuity (Funded)	
	As at 31st March, 2019	As at 31st March, 2018
Present value of obligation	-	132.73
Fair value of plan assets	-	131.70
(Asset)/Liability recognized in the Balance Sheet	-	1.03
Net liability current (Refer Note 17)	-	1.03
Net liability-non-current (Refer Note 17)	-	-
	-	1.03

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B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Plan Assets	Plan Obligation	Total
As at 1st April, 2017	99.71	126.51	26.80
Current service cost	-	25.09	25.09
Past service cost	-	1.40	1.40
Interest cost	-	9.30	9.30
Interest income	7.33	-	(7.33)
Return on plan assets excluding interest income	0.26	-	(0.26)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(5.25)	(5.25)
Actuarial (gain)/loss arising from changes in financial assumptions	-	(6.04)	(6.04)
Actuarial (gain)/loss arising from experience adjustments	-	-	-
Employer contributions	42.67	-	(42.67)
Employee contributions	-	-	-
Assets acquired/ (settled)	-	-	-
Benefit payments	(18.27)	(18.27)	-
As at 31st March, 2018	131.70	132.74	1.04

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Defined Benefit Plan- Gratuities (Funded)	
	Year ended 31st March, 2019	Year ended 31st March, 2018
Expenses recognized in the Statement of Profit and Loss for the year		
Employee Benefit Expenses:		
Current service cost	-	-
Past service cost	27.27	25.09
Finance costs:		
Interest cost	-	1.40
Interest income	-	9.30
Net impact on profit (before tax)	27.27	(7.33)
	28.46	28.46

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Recognised in other comprehensive income for the year	
Remeasurement of the net defined benefit plans:	
Actuarial (gain)/loss arising from changes in demographic assumptions	-
Actuarial (gain)/loss arising from changes in financial assumptions	(5.25)
Actuarial (gain)/loss arising from experience adjustments	(6.04)
Return (gain)/loss on plan assets excluding interest income	(0.26)
Net impact on other comprehensive income (before tax)	(11.55)

*Gratuity has been booked as per the actuarial valuation report as on 30th September 2018. (Refer note 46 for disclosures)

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Defined Benefit Plan- Gratuity (Funded)	
	As at 31st March, 2019	As at 31st March, 2018
The major categories of plan assets as a percentage of total Insurer managed funds	100%	100%

The Trustees have taken policy from Life Insurance Corporation of India (LIC) and pays premium. LIC in turn manages the assets which is within the permissible limits prescribed in the insurance regulations. The Company does not foresee any material risk from these investments.




E. Assumptions**Defined Benefit Plan- Gratuity (Funded)**

	As at 31st March, 2019	As at 31st March, 2018
Discount rate (per annum)	-	7.71%
Salary escalation rate (per annum)	-	6.00%

Financial/Economic Assumptions

Discount rate (per annum)	-	7.71%
Salary escalation rate (per annum)	-	6.00%

Demographic Assumptions

	60 years 100% of Indian Assured Lives Mortality (2006-08) Ult.	60 years 100% of Indian Assured Lives Mortality (2006- 08) Ult.	60 years 100% of Indian Assured Lives Mortality (2006-08) Ult.
Retirement age Mortality table			
Withdrawal Rates			
Ages (years)			
Upto 30 years	5.00%	5.00%	5.00%
31-44 years	3.00%	3.00%	3.00%
Above 44 years	2.00%	2.00%	2.00%

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the key assumptions are:

Defined Benefit Plan- Gratuity

	As at 31st March, 2019	As at 31st March, 2018
	Change in assumption	Change in Defined Benefit Obligation
Discount rate (per annum) -Increase	0.50%	(6.81)
-Decrease	0.50%	7.45
Salary escalation rate (per annum) -Increase	0.50%	7.07
-Decrease	0.50%	(6.54)

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G. Maturity profile of defined benefit obligation

	As at	
	31st March, 2019	31st March, 2018
Expected benefit payments within next-		
I year		3.14
II year		11.45
III year		7.96
IV year		9.11
V year		2.93
VI year		2.82
thereafter		95.32

H. Expected contribution for the next Annual reporting period

Particulars	Year ended	
	31st March, 2019	31st March, 2018
Service Cost	-	28.95
Net Interest Cost	-	0.08
Expected Expense for the next annual reporting period	-	29.03

- (i) Other long-term employee benefit obligations (Included as part of salaries and wages in Note 27 - Employee benefits expense)
Includes long term compensated absences. (Refer Accounting policy note 4.13)

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37 Segment Information

The Company is primarily engaged in manufacturing of solar cells and modules which is considered as the only reportable business segment. The Company's Chief Operating Decision Maker (CODM) is the Managing Director. He evaluates the Company's performance and allocates resources based on analysis of various performance indicators by geographical areas only.

INFORMATION ABOUT REPORTABLE SEGMENT

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
External revenue in the above reportable business segment	1,322.36	31,412.37

INFORMATION ABOUT GEOGRAPHICAL AREAS**a. Revenue from external customers**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within India	1,185.47	31,288.71
Outside India	136.89	123.66
Total	1,322.36	31,412.37

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b. Non-current assets (other than financial instruments and deferred tax assets)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within India	23,778.46	69,453.14
Outside India	-	-
Total	23,778.46	69,453.14

c. Information about major customer:

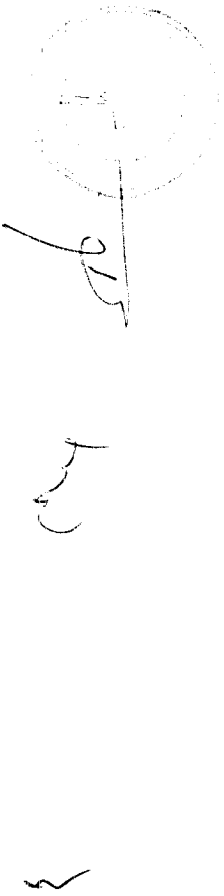
Revenue from 6 customers (March 31, 2018: 2 customers) amounting to Rs 862.01 (March 31, 2018: Rs. 15,168.74) and accounted for approximately 84.74% (March 31, 2018: 48%) contributed to more than 10% of the entity's total revenue.

38 Contingent liabilities and commitments (Refer Note 45)

Contingent liabilities

	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Claims against the Company not acknowledged as debts *		
A.	(a) Duty foregone demand of customs pending settlement	1,193.43	1,493.20
	(b) Penalty for A.Y.2013-14 under Income Tax Act 1961	-	-
	(b) Other Claims against the Company not acknowledged as debts	93.00	93.00
	(c) VAT (A.Y. 2014-15)	4.35	4.35
B.	Guarantees		
	(a) Bank Guarantee	405.00	405.00
C.	Other money for which the Company is contingently liable		
		-	-

* Based on the discussion with the advocates & consultants, the company believes that there is fair chance of decisions in its favour hence no provision is considered necessary against the same.



ii) Capital & other commitments

a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Property, Plant and Equipment's	-	2,777.74

b) For commitments relating to lease arrangements (Refer note 33).

c) For commitments relating to net positive foreign exchange earnings [Refer note 44B(iii)].

39 Details of dues to Micro Small & Medium Enterprises Development (MSMED) Act, 2006 (also refer Note 45)

Particulars	As at March 31, 2019	As at March 31, 2018
i) The principal amount & the interest due thereon remaining unpaid at the end of the year		
Principal Amount	86.95	126.08
Interest Due thereon	-	1.58
ii) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act. 2006)	-	-
iii) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	116.09	361.85

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Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)


<p>iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006</p>	-	5.21
<p>v) The amount of interest accrued and remaining unpaid at the end of the year; and</p>	20.10	20.30
<p>vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of is allowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006</p>	20.10	20.30

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprises as per MSMED Act, 2006 on the basis of information available with the company.

During the year amount of interest payable by the buyer as per Micro and Small Enterprises Development Act 2006 has not been provided.

40 During the year 2017-18, the Company has received a communication from Andhra Bank and Indian Bank informing absolute assignment and transfer of all its debts and securities etc. to Asset Reconstruction Company (India) Limited (ARCIL). The Company has not charged any interest for the financial year ending 31 March 2019, 31st March 2018 and 31st March 2017.

41 Confirmations/ Reconciliation of balances of certain unsecured loans, trade receivables, trade and other payables (including of micro and small enterprises and including capital creditors) and loans and advances are pending.



42 Exceptional items comprise-

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Impairment of Plant & Machinery under installation and shown as capital work in progress	(18,056.14)	(30,700.00)
	Impairment of Plant & Machinery	(1,904.99)	
	Impairment of Building	(22,857.99)	
2	Gain on modification of loan (treated as extinguishment) due to fair valuation of 1% OCCRPS in part settlement of debt of Union Bank of India based on discounting rate using the rate of interest applicable on the remaining loans by the bank,	-	9,077.92
3	Waiver of Interest by Union Bank of India	-	15,211.12
	Total	(42,819.12)	(6,410.96)

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43 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES

I Financial Instruments - Accounting classification, fair values and fair value hierarchy :

The category wise details as to the carrying value and fair value of the Company's financial assets and financial liabilities including their levels in the fair value hierarchy are as follows:

Particulars	Levels	Carrying values As at		Fair values As at	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
1. Financial assets at					
<i>a. Fair Value through profit & loss</i>		-	-	-	-
<i>b. Fair value through other comprehensive income</i>					
c. Amortised cost					
Trade receivables	Level 2	14.53	291.30	14.53	291.30
Cash & cash equivalents	Level 1	67.02	292.46	67.02	292.46
Bank balances other than Cash & cash equivalents	Level 1	405.11	352.40	405.11	352.40
Loans	Level 2	157.69	408.67	157.69	408.67
Other financial assets	Level 2	55.84	87.27	55.84	87.27
2. Financial liabilities at					
<i>a. Fair Value through profit & loss</i>		-	-	-	-
<i>b. Fair value through other comprehensive income</i>					
c. Amortised cost					
Borrowings	Level 2	4,057.75	33,914.25	4,057.75	33,914.25
Trade payables	Level 2	8,570.75	6,237.06	8,570.75	6,237.06
Finance lease obligations	Level 3	92.22	83.60	92.22	83.60
Other financial liabilities	Level 2	110,552.47	79,515.57	110,552.47	79,515.57

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Notes to the Financial Statements For The Year Ended 31 March 2019
(all amounts in Rupees in lakh, Unless Otherwise Stated)

Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2018. The following methods / assumptions were used to estimate the fair values:

1. The carrying value of Cash and cash equivalents, security deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and financial liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
2. The carrying amounts of long term loans given with floating rate of interest are considered to be close to the fair value.
3. Description of significant unobservable inputs to valuation (Level 3) :
The following table shows the valuation techniques and inputs used for Non-current financial instruments that are not carried at fair value :
 - a. Finance lease obligations : Discounted cash flow method using appropriate discounting rate.
 - b. Non-current Financial assets/liabilities other than above : Expected Cash Flow for the financial instruments
4. There has been no change in the valuation methodology for Level 3 inputs during the year. There were no transfers between Level 1 and Level 2 during the year and no transfer into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

The Company's financial risk management policy is set by the management. Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. The Company manages market risk which evaluates and exercises independent control over the entire process of market risk management. The management recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee.

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Indosolar Limited
Notes to the Financial Statements For The Year Ended 31 March 2019
(all amounts in Rupees in lakh, Unless Otherwise Stated)

a. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business and through regular monitoring of conduct of accounts. The Company also holds security deposits for outstanding trade receivables which mitigate the credit risk to some extent.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The history of trade receivables shows a negligible provision for bad and doubtful debts. The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers. Further, the Company's exposure to customers is diversified.

At March 31, 2019, the company had 3 Customers (March 31, 2018 : 3 customers) that owned the company more than Rs. 50 each (March 31, 2018 : Rs. 50 each) and accounted for approximately 77% (March 31, 2018 : 90%) of all the receivables outstanding.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

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Indosolar Limited**Notes to the Financial Statements For The Year Ended 31 March 2019**

(all amounts in Rupees in lakh, Unless Otherwise Stated)

Financing facilities :

The Company has access to financing facilities as described in the below note. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Particulars	As at March 31, 2019	As at March 31, 2018
Secured bank loan facilities		
- amount used	80,033.07	79,231.21
- amount unused	-	-
Unsecured loans from promoter	80,033.07	79,231.21
- amount used	576.30	505.81
- amount unused	-	-
Secured bank overdraft facility :		
- amount used	576.30	505.81
- amount unused	2,165.64	2,165.64
	2,165.64	2,165.64

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments, trade payables, trade receivables and other financial instruments. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk arises from its foreign currency borrowings and trade receivables and trade payables denominated in foreign currencies. The results of the Company's operations can be affected as the rupee appreciates/depreciates against these currencies. The Company has a finance team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Company.

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Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in lakh, Unless Otherwise Stated)

III

Capital Risk Management Policies and Objectives

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital and to maximise shareholder's value. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt, etc.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as interest bearing loans and borrowings, finance lease obligations and interest accrued & due less cash and cash equivalents.

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at March 31,	
	2018	2017
Debt		
Cash and cash equivalents	113,265.06	109,367.15
Net debt	67.02	292.46
Total Equity	113,198.04	109,074.69
Capital and net debt	(98,148.49)	(45,652.96)
Gearing Ratio (%)	15,049.55	63,421.73
	752.17%	171.98%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

Changes in liabilities arising from financing activities

With effect from 01.04.2017, the Company adopted the amendments to Ind AS 7 - Statement of cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this requirement, an entity discloses the following changes in liabilities arising from financing activities:

- Changes from financing cash flows
- Changes arising from obtaining or losing control of subsidiaries or other businesses
- The effect of changes in foreign exchange rates
- Changes in fair values
- Other changes

Paragraph 44C of Ind AS 7 states that liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

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Notes to the Financial Statements For The Year Ended 31 March 2019
(all amounts in Rupees in lakh, Unless Otherwise Stated)

The Company disclosed information about its interest-bearing loans and borrowings including its obligations under finance lease. In addition, the Company included information on certain derivatives as their settlement will affect financing cash flows.

The amendments suggest that the disclosure requirement may be met by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows. The Company decided to provide information in a reconciliation format. The major changes in the Company's liabilities arising from financing activities are due to financing cash flows and accrual of financial liabilities. The Company did not acquire any liabilities arising from financing activities during business combinations effected in the current period or comparative period.

	01.04.2018 (opening balance of current year)	Cash Flows	Non-cash changes			31.03.2019 (closing balance of current year)
			Arising from obtaining or losing control of subsidiaries or other businesses	Foreign exchange movement	Fair value changes	
i. Current interest bearing loans and borrowings	3,546.20	10.82	-	-	-	3,557.02
ii. Current maturities of Long term borrowings	47,988.41	-	-	-	30,728.85	78,717.26
iii. Current obligations under finance leases	8.63	-	-	-	-	8.63
iv. Non-current interest-bearing loans and borrowings	30,368.05	(197.85)	-	1,010.77	(30,680.25)	500.72
v. Non-current obligations under finance leases	74.97	-	-	8.63	-	83.60
vi. Interest accrued on borrowings	27,484.79	(999.68)	-	-	4,025.04	30,510.15
Total liabilities from financing activities	109,471.05	(1,186.71)	-	1,019.40	4,073.64	113,377.38

1. Represents effect of reclassification from current maturities to Non-Current Borrowings.

3. Fair Value Change column comprise of interest portion on OCCRRPS.

Other column includes reclassification from current maturities to Non-Current Borrowings and interest on loan form promoter.

3. Represents interest expenses recognised in the Statement of Profit & Loss.

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Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in lakh, Unless Otherwise Stated)

	01.04.2017 (opening balance of comparative period)	Cash Flows	Non-cash changes				31.03.2018 (closing balance of comparative period)
			Arising from obtaining or losing control of subsidiaries or other businesses	Foreign exchange movement	Fair value changes	Others	
i. Current interest bearing loans and borrowings	5,783.50	(1,716.75)	-	-	-	(520.55)	3,546.20
ii. Current maturities of Long term borrowings	87,012.44	-	-	-	-	(39,024.03)	47,988.41
iii. Current obligations under finance leases	8.63	-	-	-	-	-	8.63
iv. Non-current interest-bearing loans and borrowings	408.24	(457.30)	-	-	(8,683.66)	39,100.76	30,368.04
v. Non-current obligations under finance leases	66.35	-	-	-	8.63	-	74.97
vi. Interest accrued on borrowings	40,422.11	(320.23)	-	-	-	(12,617.09)	27,484.79
Total liabilities from financing activities	133,701.27	(2,494.28)	-	-	(8,675.03)	(13,060.91)	109,471.04

1. Represents conversion of unsecured loan into equity shares.

2. Represents effect of reclassification from current maturities to Non-Current Borrowings due to One Time Settlement with Union Bank of India.

3. Fair Value Change comprise of Rs. 9077.92 on fair value gain net of Rs. 394.26 on account of interest portion on OCCRPS.

Other column includes reclassification from current maturities to Non-Current Borrowings due to One Time Settlement with Union Bank of India and Rs. 32.84 of processing fees amortised during the year and Rs. 43.89 of interest on loan form promoter.

4. Fair value change column represents finance cost of finance lease obligation on discounting.

5. Represents Rs. 17,389.47 on waiver of interest by Union Bank of India on One Time Settlement net of interest expenses amounting Rs. 4,772.38 recognised in the Statement of Profit & Loss.

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Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

44 Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, historical experience and other factors, including expectations of future events that are believed to be reasonable, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A Significant Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognized in these financial statements pertain to:

- (i) **Determination as to whether Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) issued by the Company is a financial liability, equity or a compound/hybrid financial instrument in terms of Ind AS 32 and Ind AS 109:**

As part of the Debt Settlement Agreement pursuant to One time Settlement (OTS) with Union Bank of India ('Bank'), the Company has issued 1% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) which are redeemable in 16 quarterly installments commencing from 30.06.2024 and ending on 31.03.2028 in lieu of the conversion of part of the loan amounting to Rs. 20,700.00. In case of an event of default by the Company in timely repayment/redemption as defined in the said Agreement and the Company's failure to remedy/correct the default within 60 days of default, the Bank has a right to convert the preference shares into equity at a Conversion Price, being higher of par value and market value of the equity share in accordance with SEBI formula.

The OCCRPS is considered a contingent convertible preference shares which means it is an instrument that is convertible, at the option of the holder, only on the occurrence of a contingent event outside of the control of the holder or the issuer. If the contingent event occurs then the holder has the option, but not the obligation, to convert. If the contingent event does not occur, then the instrument will be settled in cash at maturity/due dates.

If a contingent settlement provision is regarded as outside the control of the issuing entity, the instrument is classified as a liability by the issuer. If a contingent settlement provision is regarded as within the control of the reporting entity, the instrument will be classified as equity, provided that it has no other features requiring its classification as a liability and that the contingent settlement event is also outside the control of the holder.

In the aforesaid case, the contingent settlement event is Event of default by the Company which is not within the issuer's (the Company's) control and the exercise of the conversion option would result in the exchange of a variable number of the issuer's own equity instruments.

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Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

The Company, the issuer of the instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability). Accordingly, the management has concluded that it is a financial liability of the Company.

(ii) Gain/loss on initial recognition and measurement of OCCRPS:

The fair value of these preference shares (OCCRPS) at initial measurement is computed as the present value of all future cash payments discounted based on discounting rate using the rate of interest applicable on the remaining loans by the bank. The difference between the fair value and transaction amount at initial measurement has been recorded as a gain in the Statement of profit and loss, as the fair value has been computed based on valuation techniques, which uses data from observable markets. Significant judgement is involved in assessing whether all the data used for valuation has been derived from observable markets and it has been determined that use of certain unobservable data (minor adjustments to observable data to match the term, interest rate, credit risk and other factors of preference shares) in these valuations are insignificant to the entire initial gain. Accordingly, the entire initial gain on initial measurement has been recognized upfront as Gain on modification of loan (treated as extinguishment) to the statement of profit and loss.

(iii) Eligibility of capital subsidy:

In the matter of the Company's claim for eligibility of capital subsidy under SIP scheme of Govt. of India, the Special Leave petition (SLP) filed by the Department of Electronics and Information Technology (DEIT) against the order of the Hon'ble High Court of Delhi has been dismissed by the Hon'ble Supreme court vide its order dated August 25, 2017. DIT has since initiated the process of appraisal of the subsidy claim of the Company.

According to Ind AS 20: Accounting for Government Grants and Disclosure of Government Assistance; Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
- (b) the grants will be received.

As the appraisal of subsidy claim is still pending, the management, in the absence of the reasonable assurance, has not recognized the claim for capital subsidy in accordance with Ind AS- 20.

(iv) Going concern:

The Company has continued to incur significant losses in the current year resulting in further erosion of its net worth. The Company has a negative net worth amounting to Rs. 98148.49 as on 31st March 2019. The Company's current liabilities exceeds the current assets by Rs. 121451.53 as on 31st March 2019. The Company's term loan payable to various lender banks become non-performing assets. Further, OTS scheme approved by Union Bank of India has been revoked. These conditions/factors raise significant doubt about the Company's ability to continue as a going concern.

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

The company is under Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code. Its affairs, business and assets are being managed by the Resolution Professional appointed by the Hon'ble NCLT New Delhi vide its order dated 12 April 2019 under the provisions of the Code as Interim Resolution Professional and subsequently as per section 22 of the Code as Resolution Professional of Indosolar Limited. Invitation for expression of interest has been issued by Resolution Professional on 03.07.2019 as a result of which two Resolution Plans has been received by him which are under consideration.

Considering the above and in expectation of the successful outcome of the above proposals. The management believes and has concluded that it is appropriate to prepare the accounts on going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of carrying amounts of the assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(v) Leasehold land:

The Company has entered into an arrangement for lease of land from government entity. Significant judgement is involved in assessing whether such arrangement is in the nature of finance or operating lease. In making such an assessment, the Company considers various factors which includes whether the present value of minimum lease payments amount to at least substantially all of the fair value of lease assets, renewal terms, purchase option, sub-lease options etc. Based on evaluation of above factors, lease is evaluated for the purpose of treating in the nature of finance lease.

B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

(i) Impairment of trade receivables:

The impairment provisions for trade receivables are based on lifetime expected credit loss based on a provision matrix. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

(ii) Export Obligations/ Net Foreign Exchange Earning (NFE) :

Being an Export Oriented Unit, the Company needs to achieve positive NFE during a period of 10 years from the start of commercial production. Till date the Company has spent Rs. 190,962.43 in foreign currency for Raw Material consumption, Stores & Spares and Expenses in foreign currency including amortization of all imported Plant and Machinery and the Company has earned foreign currency equivalent to Rs. 210,102.81 as per para 6.9(f) of FTP resulting into positive NFE Rs. 19,140.38 as on March 31, 2019 without considering amortization of imported Plant and machinery, pending installation /commissioning (disclosed as CWIP). In case the Company also amortizes value of Line-C till date (commercial production is yet to start) the Company's NFE will become negative to the extent Rs. 29,624.58.

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Indosolar Limited**Notes to the Financial Statements For The Year Ended 31 March 2019**
(all amounts in Rupees in Lakh, Unless Otherwise Stated)**(iii) Impairment of property plant and equipment including under installation:**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of assets.

In respect of Property, Plant and Equipment (PPE) including under installation (disclosed under CWIP), the management has performed an assessment of impairment of carrying value of PPE. The assessment has been done taking into consideration the market value of assets determined by using the Valuation Report of Valuer. The value used is Gross Value calculated by Valuer. As per such assessment, the management has determined recoverable value of the assets and has recognized an impairment loss of Rs. 22857.99 in the value of Plant and Machinery, Rs. 1904.99 in the value of Building and Rs. 18056.14 lakh in the carrying value of Property, Plant and Equipment (CWIP) during the financial year 2018-19.

Building	Carrying Value as on 30-09-2018	Carrying Value	Market Value	Impairment
Factory		5788.20	4206.89	1581.31
Non- Factory		1184.79	861.11	323.68
Total		6972.99	5068.00	1904.99

Plant & Machinery	Carrying Value as on 30-09-2018	Carrying Value	Market Value	Impairment
Plant & Machinery		31901.34	9043.35	22857.99
Capital Work in Progress		26354.80	8298.65	18056.14
Total		58256.13	17342.00	40914.13

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

(iv) Fair value measurements of financial instruments:

In estimating the fair value of a financial asset or a financial liability, the Company uses market-observable data to the extent it is available. Where active market quotes are not available, the management applies valuation techniques to determine the fair value of financial instruments. This involves developing estimates, assumptions and judgements consistent with how market participants would price the instrument.

(v) Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation viz. gratuity and other long-term employee benefit obligation viz. long term compensated absences to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(vi) Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. These estimates could change substantially over time as new facts emerge and each dispute progresses. Information about such litigations is provided in notes to the financial statements.

(vii) Deferred Tax :

In assessing the realizability of deferred tax assets the management of the Company estimates whether the Company will earn sufficient taxable profit in future periods. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

The Company did not recognize deferred tax assets in respect of tax losses carryforwards, unabsorbed tax depreciation carry forwards and others, as there are material uncertainties and the future profit streams are not yet probable to claim set off.

Unabsorbed tax depreciation can be claimed for an infinite period and the business losses can be carried forward for a period of 8 years as per tax regulations.

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019

(all amounts in Rupees in Lakh, Unless Otherwise Stated)

(viii) Useful lives of property, plant and equipment and intangible assets :

As described in the significant accounting policies, the management determines and also reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Such lives are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

45 Corporate Insolvency Resolution Process:

As per order of Hon'ble NCLT New Delhi dated 12 April 2019 under the provisions of Insolvency and Bankruptcy Code, the company is under Corporate Insolvency Resolution Process (CIRP). Its affairs, business and assets are being managed by the Resolution Professional. As per the code the RP has to receive, collate and reconcile all the claims submitted by the creditors of the company. Such claims can be admitted by the RP during the CIRP, till the approval of a resolution plan by the C.O.C. The RP has verified and admitted the claims submitted by the creditors against the company as per the Code. The summary of claims filled by financial creditor, operational creditors and employees and admitted by resolution professional as on 11 December 2019 are as follows:

a) Financial Creditors: Rs. 2,13,791.49

(including Bank of Baroda: Rs. 25918.78, Corporation Bank: Rs. 39576.49, ARCIL: Rs. 49974.13, Union Bank of India: Rs. 98322.09)

b) Operational Creditors: Rs. 4,360.36

c) Employees*: Rs. 256.81

* A litigation has been filed by 49 employees of the company for a claim of Rs. 399.49 with the Labor Court at Noida (UP). However, most of the said employees has also filed their claim with Resolution Professional (RP) which was admitted by RP on merits and details of which are available on website of company.

Pending finalization of resolution plan, the impact of such claims if any have not been considered in the preparation of the financial statement.

Noncurrent and Current assets are disclosed in the balance sheet at their carrying value, however, since the company is under CIRP, it is not possible to derive at which value assets can be realized.

RP has sent mails and letters for recovery to trade receivables. However, most of them had not responded or they have been rejected the claims on them.

46 Non adherence of IND AS

A.) Due to insufficient staff and non-availability of information, following IND AS and their disclosures requirements could not be adhered:

IND AS 19 Employee Benefits

No provision has been made for gratuity as on 31st March 2019. However, gratuity has been provided on the basis of actuarial valuation done as on 30th September 2018.

B.) No provision for earned leave has been made during the year:

Disclosures regarding defined benefit gratuity plan, their assets, sensitivity analysis, maturity profile of defined benefit obligation, expected contribution for the next annual reporting period and other related information could not be provided.

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Indosolar Limited

Notes to the Financial Statements For The Year Ended 31 March 2019
(all amounts in Rupees in Lakh, Unless Otherwise Stated)

- C.) IND AS 21 The Effects of Changes in Foreign Exchange Rates:
Unrealized Foreign Exchange gain/loss have not been booked on foreign creditors and Capital Advances
- D.) IND AS 37 Provisions, Contingent Liabilities and Contingent Assets:
Company is in default of various company law and secretarial non compliances which can lead to various penalties under various laws. These penalties has not been quantified and provided in the books
- E.) Ind AS 107 Financial Instruments and Ind AS 113 Fair Value Measurements:
Complete Disclosures for above IND AS has not been provided.
- 47 Significant Non - Adjusting Events after the Balance sheet Date:** The company is under Corporate Insolvency Resolution Process (CIRP) vide order of Hon'ble NCLT New Delhi dated 12 April 2019 under the provisions of Insolvency and Bankruptcy Code. (Refer Point No.45)
- 48** Note 1 to 48 form an integral part of the balance sheet of the company.

For A.K.G & ASSOCIATES

Chartered Accountants

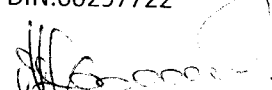
ICAI Firm registration number:
002688N


CA. HARVINDER SINGH
Partner
Membership No.: 087889

Place; Delhi
Date : 19/Feb/2020

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


H.R. Gupta
Managing Director
DIN:00297722


Anand Kumar Agarwal
Chief Financial Officer


Taken on Record
Gulshan Gaba

**Resolution
Professional**
*Regn no: IBBI/IPA-
001/IP-P00548/2017-
18/10978*