INDOSOLAR LIMITED

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

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2013

(Rs. in Lakhs)

| Sl. No. | Particulars | 3 months ended | Preceding 3 months ended | Corresponding 3 months ended in the previous year | Year to date figure for current period ended | Year to date figure for the previous period ended | Year ended |
|---|---|---|---|---|---|---|---|
| | | 30.09.2013 | 30.06.2013 | 30.09.2012 | 30.09.2013 | 30.09.2012 | 31.03.2013 |
| | | Un-audited | Un-audited | Un-audited | Un-audited | Un-audited | Audited |
| | Part I | | | | | | |
| 1 | Income from operations | | | | | | |
| a | Net sales/income from operations (net of excise duty) | 226.49 | 760.11 | 333.79 | 986.60 | 341.37 | 5,311.55 |
| b | Other operating income | 5.13 | 7.85 | 7.18 | 12.98 | 7.26 | 11.79 |
| | Total income from operations (net) | 231.62 | 767.96 | 340.97 | 999.58 | 348.63 | 5,323.34 |
| 2 | Expenses: | | | | | | |
| a | Cost of materials consumed | (1.18) | 97.03 | 795.70 | 95.85 | 641.23 | 5,690.88 |
| b | Purchase of stock in trade | 110.73 | 277.36 | 73.95 | 388.09 | 73.95 | 146.37 |
| c | Changes in inventories of finished goods, work-in-progress and stock in trade | 64.12 | (44.99) | (526.92) | 19.13 | (654.41) | (1,087.01) |
| d | Employee benefits expense | 83.72 | 95.00 | 233.23 | 178.72 | 447.16 | 893.25 |
| e | Depreciation and amortisation expense | 760.93 | 752.66 | 808.20 | 1,513.59 | 1,560.83 | 3,909.78 |
| f | Power and fuel | 8.80 | 43.50 | 341.75 | 52.30 | 370.54 | 1,051.10 |
| g | Foreign exchange loss/(gain) (net) | 311.04 | 561.03 | (184.88) | 872.07 | 42.92 | 103.34 |
| h | Other expenses | 114.80 | 337.58 | 529.50 | 452.38 | 785.42 | 1,430.79 |
| | Total expenses | 1,452.96 | 2,119.17 | 2,070.53 | 3,572.13 | 3,267.64 | 12,138.50 |
| 3 | Loss from operations before other income, finance cost and exceptional items (1-2) | (1,221.34) | (1,351.21) | (1,729.56) | (2,572.55) | (2,919.01) | (6,815.16) |
| 4 | Other income | 49.96 | 61.36 | 45.00 | 111.32 | 121.57 | 256.90 |
| 5 | Loss from ordinary activities before finance costs and exceptional items (3+4) | (1,171.38) | (1,289.85) | (1,684.56) | (2,461.23) | (2,797.44) | (6,558.26) |
| 6 | Finance costs | 2,085.64 | 1,914.97 | 1,332.74 | 4,000.61 | 2,628.15 | 5,924.42 |
| 7 | Loss from ordinary activities after finance cost but before exceptional items (5-6) | (3,257.02) | (3,204.82) | (3,017.30) | (6,461.84) | (5,425.59) | (12,482.68) |
| 8 | Exceptional items gain/ (loss) | - | - | - | - | 93.82 | 93.82 |
| 9 | Loss from ordinary activities before tax (7+8) | (3,257.02) | (3,204.82) | (3,017.30) | (6,461.84) | (5,331.77) | (12,388.86) |
| 10 | Tax expenses | - | - | - | - | - | - |
| 11 | Loss from ordinary activities after tax (9-10) | (3,257.02) | (3,204.82) | (3,017.30) | (6,461.84) | (5,331.77) | (12,388.86) |
| 12 | Extraordinary items (net of tax expenses) | - | - | - | - | - | - |
| 13 | Loss after taxes (11+12) | (3,257.02) | (3,204.82) | (3,017.30) | (6,461.84) | (5,331.77) | (12,388.86) |
| 14 | Paid up equity share capital (Face value-Rs.10/- each) | 33,514.40 | 33,514.40 | 33,514.40 | 33,514.40 | 33,514.40 | 33,514.40 |
| 15 | Reserves (excluding revaluation reserve, if any) | - | - | - | - | - | (24,906.28) |
| 16 | Earning per share (before extraordinary item) (in Rs.) (not annualised) | | | | | | |
| | Basic | (0.97) | (0.96) | (0.90) | (1.94) | (1.59) | (3.70) |
| | Diluted | (0.97) | (0.96) | (0.90) | (1.94) | (1.59) | (3.70) |
| 17 | Earning per share (after extraordinary item) (in Rs.) (not annualised) | | | | | | |
| | Basic | (0.97) | (0.96) | (0.90) | (1.93) | (1.59) | (3.70) |
| | Diluted | (0.97) | (0.96) | (0.90) | (1.93) | (1.59) | (3.70) |
| | Part II | | | | | | |
| A | Particulars of Shareholding | | | | | | |
| 1 | Public shareholding | | | | | | |
| | - Number of shares | 128,144,030 | 128,144,030 | 128,144,030 | 128,144,030 | 128,144,030 | 128,144,030 |
| | - Percentage of shareholding | 38.24% | 38.24% | 38.24% | 38.24% | 38.24% | 38.24% |
| 2 | Promoters and promoter group shareholding | | | | | | |
| | a) Pledged/ encumbered | 136,885,495 | 136,885,495 | 136,885,495 | 136,885,495 | 136,885,495 | 136,885,495 |
| | - Number of shares | 66.13% | 66.13% | 66.13% | 66.13% | 66.13% | 66.13% |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 40.84% | 40.84% | 40.84% | 40.84% | 40.84% | 40.84% |
| | - Percentage of shares (as a % of the total share capital of the | | | | | | |
| | b) Non encumbered | | | | | | |
| | - Number of shares | 70,114,502 | 70,114,502 | 70,114,502 | 70,114,502 | 70,114,502 | 70,114,502 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 33.87% | 33.87% | 33.87% | 33.87% | 33.87% | 33.87% |
| | - Percentage of shares (as a % of the total share capital of the company) | 20.92% | 20.92% | 20.92% | 20.92% | 20.92% | 20.92% |

| | Particulars | Quarter ended 30.09.13 |
|---|---|---|
| B | Investor Complaints | |
| | Pending at the beginning of the quarter | - |
| | Received during the quarter | 1 |
| | Disposed of during the quarter | 1 |
| | Remaining unresolved at the end of the quarter | - |

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

Date : 21 November 2013
Place: New Delhi

Sd/-
Managing Director

Notes to the results for the Quarter and Six months ended 30 September 2013

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

| | Particulars | Un-audited As at 30 Sep. 2013 | Audited As at 31 March 2013 |
|---|---|---|---|
| A | Equity and Liabilities | | |
| 1 | Shareholders' funds | | |
| | (a) Share capital | 34,464.40 | 34,464.40 |
| | (b) Reserves and surplus | (31,368.09) | (24,906.28) |
| | Sub-total - Shareholders' funds | 3,096.31 | 9,558.12 |
| 2 | Non-current liabilities | | |
| | (a) Long-term borrowings | 86,832.52 | 84,483.20 |
| | (b) Other long-term liabilities | 6,858.63 | 5,633.05 |
| | (c) Long-term provisions | 30.52 | 30.51 |
| | Sub-total - Non-current liabilities | 93,721.67 | 90,146.76 |
| 3 | Current liabilities | | |
| | (a) Short-term borrowings | 6,794.50 | 4,416.08 |
| | (b) Trade payables | 1,509.48 | 4,328.60 |
| | (c) Other current liabilities | 12,791.40 | 5,751.06 |
| | (d) Short-term provisions | 7.06 | 7.06 |
| | Sub-total - Current liabilities | 21,102.44 | 14,502.80 |
| | Total - Equity and Liabilities | 117,920.42 | 114,207.68 |
| B | Assets | | |
| 1 | Non-current assets | | |
| | (a) Fixed assets | 107,569.83 | 102,228.68 |
| | (b) Long-term loans and advances | 1,339.65 | 1,509.54 |
| | (c) Other non-current assets | 3,168.04 | 3,091.97 |
| | Sub-total - Non-current assets | 112,077.52 | 106,830.19 |
| 2 | Current assets | | |
| | (a) Inventories | 4,233.58 | 4,045.17 |
| | (b) Trade receivables | 248.36 | 1,783.10 |
| | (c) Cash and cash equivalents | 38.33 | 294.65 |
| | (d) Short-term loans and advances | 1,250.35 | 1,182.30 |
| | (e) Other current assets | 72.28 | 72.27 |
| | Sub-total - Current assets | 5,842.90 | 7,377.49 |
| | Total - Assets | 117,920.42 | 114,207.68 |

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

The Solar industry witnessed turmoil owing to significant downturn in the global market due to structural over supply situation resulting in a significant reduction in prices of PV cells. During the quarter, the Solar industry globally witnessed some positive results across some of the key markets. However, the Company has been unable to utilise its capacity as the prices of solar cells in demand did not yield margins owing to higher cost of production of solar cells and consequently, the plant continues to remain shut in the current quarter/ six months period ended 30 September 2013. Due to the prevailing conditions, the actual net cash inflows in the current quarter/ six months period ended 30 September and in the year ended 31 March 2013 have been significantly lower than the projections for the same period incorporated in the first CDR package.

During the quarter, there have been some key policy announcements in the guidelines issued under the 'Jawaharlal Nehru National Solar Mission (JNNSM), Phase-II, Batch-I' that provided for bidding with domestic content requirement (both PV/ thin film based cells and modules must be manufactured in India). Also, the guidelines provide that such projects shall be incentivised by way of 'Viability Gap Funding' and the extent of funding shall be determined basis the project cost of setting up of such projects. The impact of these policy decisions in terms of pricing and orders placed on the company shall be known only in the next few quarters,. Further, some key decisions that are much awaited for providing a sustained impetus remains unknown at present. Some of these relate to: a) the imposition of Anti Dumping Duty per the application filed by Solar Manufacturers Association of India dated 18th January 2012; and b) eligibility of the Company for certain capital incentives.

Accordingly, the cash flow projections approved as part of the first CDR package continues to be unreliable and future cash flows in the light of prevailing conditions is not determinable.

Overall the short term liabilities exceed the short term assets by Rs. 15,259.54 lakhs. Due to continued liquidity issues, the Company has approached the bankers for a second Corporate Debt Restructuring package. The response of the banks is awaited. Also, as per the terms of Corporate Debt Restructuring package an amount of Rs. 2,464.26 lakhs representing 3% of the outstanding Term Loans, Funded Interest Term Loans, Working Capital Demand Loan and Priority Term Loan shall become payable in the year ending 31 March 2014. Further, interest amounting to Rs. 2,236.77 lakhs is remaining unpaid as at 30 September 2013.
The above factors create multiple uncertainties and the effect thereof on the financial results, if any, is not ascertainable.

3 The Company had been awarded a turnkey contract by MP Urja Vikas Nigam Limited (MP Urja) for setting up of 3MW (in aggregate) SPV Power Plants with a capacity ranging between 10-50 KW per plant, vide letter of intent dated 12 September 2012, through a tender process during the quarter ended 31 December 2012. The contract included design, engineering, supply, installation and commissioning and interfacing of Solar Photovoltaic Power Plants (SPVPP) with 5 years Warranty Cum Comprehensive Maintenance Contract (CMC). In accordance with the stipulated terms of the contract, the Company has deposited earnest money deposit (EMD) amounting to Rs. 60.10 lakhs. Out of the total contract, work orders aggregating to 1.6 MW amounting to Rs. 2,914.13 lakhs was raised on the Company that was required to be executed till 30 June 2013. The Company has raised the bills for having completed 100 KW (5 sites) until 30 September 2013 and the dues outstanding in relation to the executed portion amounts to Rs. 177.23 lakhs. The Company had also filed an application in the previous quarter seeking extension with MP Urja for completion of the unexecuted work till 30 June 2014.

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

Management has contested the claims being made by MP Urja and have sought for extension of time in completing the contract, citing logistical issues from the customers side and delays arising out of delay in handing over the sites. Further, in their response management is also contesting that there were delays on part of MP Urja to issue site completion reports causing further delays in relation to sites that have been completed by the Company. As a consequence, the impact of the loss or damage due to the action that MP Urja may take and the outcome of the final notice issued, that may include forfeiture of EMD, adjusting the dues against any loss or damage and levy of penalty, in the light of the Company expressing its inability to complete the order within the stipulated time period, is uncertain and the same shall crystallise only on the conclusion of discussion and the actions that the authorities may take against the Company.

4 Prior period adjustments:
The results for the current quarter ended 30 September 2013 includes capitalisation of the exchange loss on the long term borrowings amounting to Rs. 424.83 lakhs. Out of the same, prior period exchange loss capitalised amounts to Rs. 310.91 lakhs, which pertains to quarter ended 30 June 2013 and Rs. 383.90 lakhs, which pertains to quarter ended 31 March 2013.

5 The Company has incurred expenses in foreign currency (including amortisation of imported machinery) amounting to Rs. 104,075.18 lakhs till 30 September 2013. Such machinery and raw material have been imported without payment of customs duty, being an Export Oriented Unit, on the basis of an undertaking given to customs authorities that the Company shall be able to earn a net positive Net Foreign Exchange within ten years from the commencement of its operation. At current quarter end (i.e. after four years of commencement of its operations), the Company's earnings is a negative Net Foreign Exchange Earnings of Rs. 24,000.91 lakhs. As explained in Note 2 above, the ability of the Company to meet its export obligations over the next 6 years is dependent on various factors which have created multiple uncertainties, the effect of which if any, is not ascertainable.

6 In view of the absence of virtual certainty of realisation of carry forward tax losses/ unabsorbed depreciation in the foreseeable future, deferred tax assets has been recognised to the extent of deferred tax liability

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

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

9 During the quarter, two Independent directors have tendered their resignation expressing their inability to hold such directorship reducing the number of Independent director's to one resulting in the non-compliance with the provisions of Clause 49 of the Listing Agreement. Management has accordingly, informed the stock exchange in its Quarterly Compliance Report on Corporate Governance for the quarter ended 30 September 2013, of the non-compliance with the Clause 49 (1A) and (IIA) and are making efforts to fill the vacancy so created. In the absence of requisite quorum in the Audit Committee due to non-availability of Independent directors, the results have been approved by the Board of Directors only in their meeting held on 21 November 2013

10 The statutory auditors of the Company have carried out the limited review of the financial results for the quarter and six months ended 30 September 2013 and have modified the report in relation to the following matters: Treatment of demurrage charges amounting to Rs. 1,254.51 lakhs; Uncertainty over the outcome of the claims and counterclaims in relation to MP order and multiple uncertainties due to various factors resulting in inability to provide a basis for opinion. The same has been filed with the stock exchange and is available on the website of the Company

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

Date : 21 November 2013
Place: New Delhi