

MISSION --- 120 MW.

Webso! Energy Systems Limited
Annual Report, 2009-10



Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans' 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Corporate identity **3**

Milestones **4**

Managing Director's overview **6**

Interview with the Technical and Marketing Director **8**

Strengths **13**

Pride enhancing initiatives **14**

Enhancing shareholder's value **18**

Management discussion and analysis **22**

Financial review **29**

Risk management **33**

Directors' report **36**

Corporate governance report **40**

Auditors' report **51**

Financial section **54**



**IN 1995, WE WENT INTO THE
MANUFACTURE OF SOLAR
PHOTOVOLTAIC CELLS WITH AN
INSTALLED CAPACITY OF 1 MW.**

**BY 2006, WE HAD GROWN OUR
CAPACITY OUT OF INTERNAL
ACCRUALS TO 10 MW.**

**BY 2012, WE EXPECT TO GROW
OUR CAPACITY TO 120 MW.**



**GREEN ENERGY IS ONE OF THE
FASTEST GROWING SECTORS IN
THE WORLD.**

**SOLAR ENERGY IS PERHAPS THE
FASTEST GROWING SEGMENT
WITHIN THE GREEN ENERGY
SECTOR.**

**WEBSOL IS ONE OF THE FASTEST
GROWING SOLAR ENERGY
COMPANIES IN INDIA.**

About us

- Websol Energy Systems Ltd is a leading manufacturer of solar photovoltaic monocrystalline cells and modules in India.
- The Company's integrated production facility is located in Falta SEZ, Kolkata.

Certifications

- UL 1703 from CSA (specifically required for the USA and Canada)
- IEC 61730/61215 and EN 61730/61215 from TUV Rheinland
- ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 from DNV

Vision

To provide clean and dependable solar energy that will sustain the environment and improve global living standards

Mission

To provide solar energy solutions as per international standards and develop advanced and cost-effective products through cutting-edge technology that will create value customers and stakeholders while improving the environment and caring for our employees

Core values

Customer focus: All our actions and resources are focused on the customer, ensuring that the services they receive represent value for money. We treat our customers with dignity and respect while optimising their choice and giving them a stronger voice in designing our products and services. We feel that only a satisfied customer is the key to long-term success.

Employee engagement: Being customer-focused begins with employee engagement. Our employees are our biggest asset and we believe in boosting their morale leading to our success. We encourage best practices among our employees as they grow with us. We like them to be mentally and physically present at the workplace, to their business enthusiastically and energetically.

Innovation: We believe in being innovative to address the ever-changing needs of our customers with speed and agility. Innovation allows us to present a better product along with unmatched service to enhance overall customer satisfaction.

Transparency: For us, transparency implies openness, communication and accountability towards our suppliers, employees, customers and stakeholders. Clear and precise communication forms the footboard of our openness to remove all barriers and facilitate free and easy access to all our actions, products and services.

Environment-friendly: We are an environment-conscious company with continuous improvement methodologies and efficient production and business processes. Our vendor selection and manufacturing processes are based on environment protection, workplace safety and employee health. We work towards a cleaner, greener and healthier future for all of us.



MILESTONES

1995-97

- Commenced production with technical support from an Italian company
- Processed five-inch wafers
- Installed a 1 MW annual capacity for cells and modules

1998-99

- Processed six-inch wafers to produce modules up to 90 Wp
- Received IEC 61215 certification from JRC-ISPRA

2000-01

- Stepped up processing capacity to eight-inch wafers
- Extended module range to 120 Wp
- Increased installed capacity to 3 MW

2002

- Received the IEC 61215 standard certification for all W1000 modules from JRC-ISPRA
- Obtained UL 1703 listing for all W900 type modules

2003

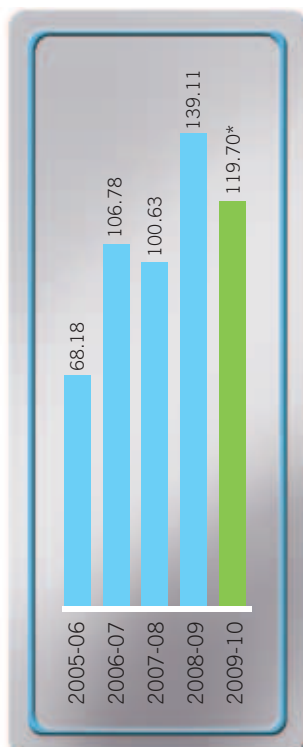
- Enhanced installed capacity from 3 MW to 5 MW
- Obtained UL 1703 listing for W1000 type modules
- Commenced the production of 160-190 Wp modules

2004

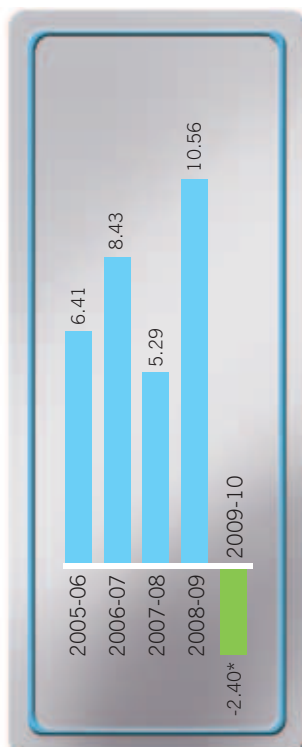
- Initiated the commercial production of W1600

HIGHLIGHTS, 2009-10

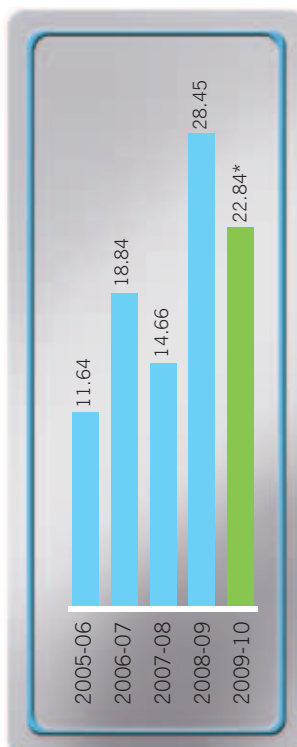
Sales turnover
(Rs. crore)



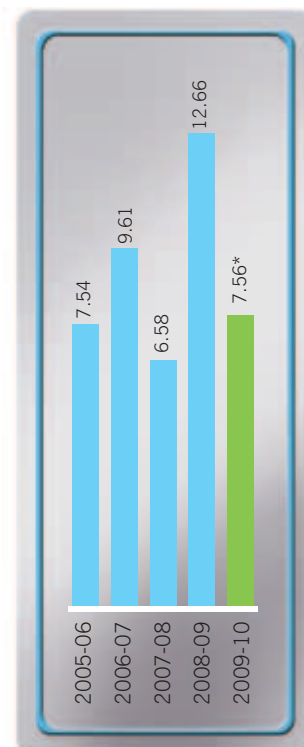
Profit after tax (PAT)
(Rs. crore)



EBIDTA
(Rs. crore)



Cash profit
(Rs. crore)



* Annualised figures for the 15 months ended from 01.04.2009 to 30.06.2010.

- Formed an in-house R&D team to enhanced cell efficiency

2005

- Introduced three new products (including W2000R)

2006

- Expanded installed capacity from 5 MW to 10 MW
- Received JRC-ISPRA IEC 61215 standard certification as well as UL certification for all products
- Finalised Falta SEZ, West Bengal, for a proposed 120 MW expansion

2007

- Surpassed the Rs.100 cr mark in turnover

- Graduated from the manufacture of solar cell using reclaimed technology to fresh solar-grade wafers

- Embarked on a phased capacity expansion from 10 MW to 120 MW

2008

- Commissioned the state-of-the-art PECVD technology
- Achieved cell efficiency of more than 16.50%
- Introduced new modules of W1750 series (175 Wp) and W2100 series (220 Wp)
- Commenced civil work at the Falta SEZ site

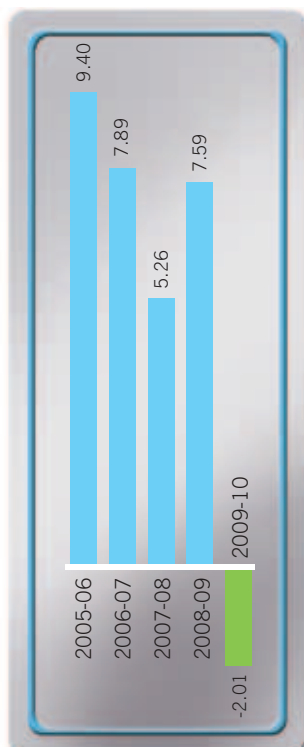
2009

- Installed, commissioned and started production of a 30 MW cell and module line at Falta SEZ
- Received IEC 61215 and 61730 certification for 180 Wp and 225 Wp modules
- Established representatives in the US and Germany

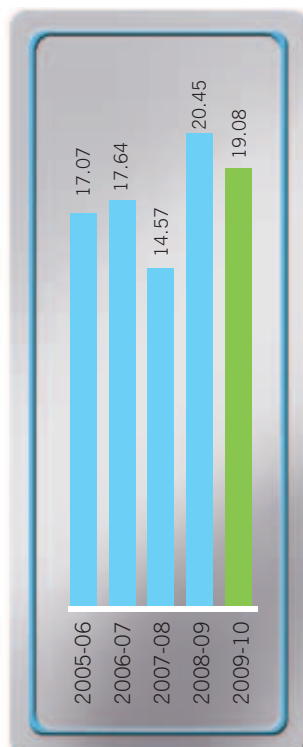
2010

- Embarked on capacity expansion from 40 MW to 60 MW
- Achieved a cell efficiency of 17.80%
- Commenced six-inch cell, W2300 series (240 Wp) and W2800 series (290 Wp) module production
- Received certification from DNV (Det Norske Veritas) for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

PAT margin
(%)



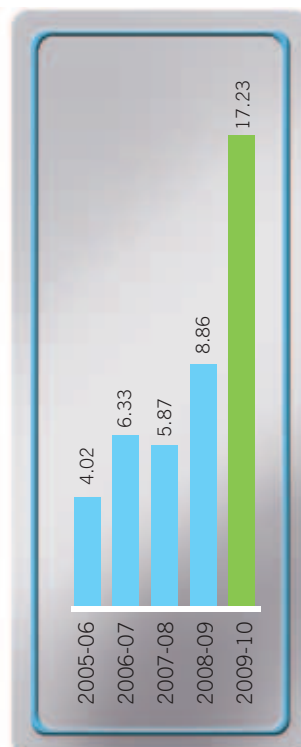
EBIDTA margin
(%)



Gross block
(Rs. crore)



Production
(In MW)



Managing Director's overview



THE BIG MESSAGE TO OUR SHAREHOLDERS IS NOT AS MUCH ABOUT WHERE WE ARE AT PRESENT AS A COMPANY BUT THE DIRECTION IN WHICH WE ARE HEADED.

Dear Shareholders,

The big message to you is not as much about where we are at present as a company but the direction in which we are headed.

Before I expound on our corporate strategy, permit me to explain the industry environment.

Big is getting bigger. Low cost is getting cheaper.

No two sentences encapsulate the reality of the solar photovoltaic industry more faithfully than these.

For some good reasons: the global solar cell industry has grown at a CAGR of 60% the last five years. Besides, the Indian scenario has turned favourable with a forecasted national demand of 20 GW through the JNNSM policy by 2022. This indicates that there is a large appetite for solar energy across the world.

Even as the global solar photovoltaic industry acquires a growing scale faster than ever, there is still a viability gap between the installation costs of solar and thermal energy sources. The priority lies in ongoing cost reduction, which can be achieved through superior Research and Development on the one hand, and an aggressive growth in installed capacity on the other, facilitating a competent

coverage of fixed costs.

Two realities are catalysing the industry. One, an increasing emphasis on the use of green energy in our daily lives and a number of governments allocating larger budgets for related investments are catalysing the demand for solar energy cells and modules in a bigger way than ever before. Two, there is an urgent need to reduce costs so that unsubsidised solar energy can become competitive with thermal energy.

Both these realities can be achieved through rapid investments in scale. The faster companies invest in their installed capacities, the quicker they will address the growing demand for solar energy products and reduce their production costs. As a result, the option of growth is not merely recommended in our business but is imperative for our survival.

2

As a future-focused organisation, we have outlined a strategy to grow with speed and economy, reinforcing our competitiveness.

This is our strategic blueprint: it took us almost 12 years to grow from 1 MW to 10 MW; three years to grow from 10 MW to 40 MW in 2010 and



We expect to grow our peak revenues to Rs 400 cr once 60 MW is fully commissioned and to Rs 800 cr when we commission, 120 MW thereafter.

it is expected to take us another two years to treble our installed capacity to 120 MW. Besides, we grew our capacity from 10 MW to 40 MW at a project cost of Rs 210 cr with a debt component of about 60% of the project cost; we expect to achieve the subsequent rounds of capacity growth for a considerably lower investment with a declining proportion of debt. The result will be a company with a declining capital cost per solar cell of installed capacity on the one hand, and rising interest cover on the other. We believe that this combination will make all our prospective growth robust and sustainable.

I am pleased to state that there is much to show for this strategy. The Company embarked on a capacity expansion from 10 MW (at the Salt Lake facility) to 40 MW (at the Falta SEZ), which has been fully commissioned, the global slowdown notwithstanding.

The Company responded effectively on the global downtrend: it capitalised on the decline in asset and raw material costs, resulting in attractive viability. Besides, the staggered project implementation meant that the Company postponed its commissioning from a time when realisations were depressed to a time when these

rebounded attractively. The Company expects to present the impact of lower raw material costs and better realisations as soon as it scales its production to rated capacity utilisation over the coming months.

The Company expects to reinforce this competitive positioning by stabilising production of this expanded capacity, generating an attractive cash flow and immediately embarking on the second expansion round of 40 MW to 60 MW, and thereafter scaling capacity yet again to 120 MW by 2011-12. The smooth commissioning of the 30 MW capacity in the last few months gives the Company the optimism of economic asset sourcing, timely project implementation and viable productivity.

The result is that we are at the cusp of attractive, profitable and sustainable growth across the immediate future.

3

The Company is optimistic of its prospects of profitable scale-up and value-generation for the following reasons:

- The Company is concentrating all its production capacity at the Falta SEZ, which enjoys attractive tax and other fiscal benefits.

- The Company invested in infrastructure (land, buildings and facilities) capable of supporting an expansion up to 120 MW at the Falta SEZ, with progressively declining project implementation tenures, going ahead.
- The Company invested in the best global technologies, expected to improve cell efficiency from 17.80% to 18.50%, among the global best in the industry.
- The Company widened its product mix and graduated to the higher end following the development of the 290-watt module.

4

So what will this rapid capacity creation to 60 MW and 120 MW thereafter do for our Company?

We expect to grow our peak revenues to Rs 400 cr once 60 MW is fully commissioned, and to Rs 800 cr when we commission 120 MW thereafter.

The result is that we expect to report sizeable growth without making significant net worth investments from this point onwards, resulting in enhanced value in the hands of all those who hold shares in our company.

SL Agarwal,
Managing Director

Review



“THE PRIVATE PLACEMENT THAT WE MADE TO FUND THE FIRST ROUND OF THIS EXPANSION – 10 MW TO 40 MW – WILL KICKSTART A CYCLE OF GROWTH AND SUSTAINABLE PROFITABILITY. I AM OPTIMISTIC THAT THIS WILL ENHANCE VALUE FOR OUR SHAREHOLDERS, VINDICATING OUR RAPID EXPANSION AND USE OF SELECT TECHNOLOGY.”

Mrs. S Vasanthi, Director (Technical and Marketing),
explains the Company's prospects

Q. What was the big message related to the Company's performance in 2009-10?

A. The big picture is that the Falta SEZ became fully operational during the year under review following the infusion of large capital and sophisticated technology. This commissioning represents a watershed in the Company's existence. The Company commence the manufacture of solar cells and modules in India by investing in the cost-effective reclaimed wafer technology, which progressively resulted in a low capital cost per MW and a lower consumption of raw materials compared with alternative technologies. However, the Company took a prudent call and decided to shift to a new technology as growing production and accessing a larger quantity of recycled

silicon wafers was not going to be sustainable. In view of this, the Company graduated to the monocrystalline solar grade technology and four-folded its installed capacity. I am happy to state that, for a company that used a different solar cell technology earlier, the technology migration was smooth and reflected in a high quality of the end product.

Q. In what way?

A. In our business, the challenge lies in stabilising production at higher asset utilisation levels within the shortest time from start-up. We have fair credentials to present in this regard: we did well to upgrade module production with an output of 280 Wp, production of six-inch cell with an output of 4.25 Wp and a corresponding cell efficiency of

17.80%. This compares favourably with erstwhile numbers of 175 Wp, five-inch cells with an output of 2.6 Wp and a cell efficiency of 16.80%.

Q. Is Websol's new technology globally competitive?

A. It very much is. Consider the following advantages: these cells and modules enjoy a life span of about 25-30 years with attractive potential for efficiency improvement and price reduction on the one hand, and higher raw material availability on the other.

This is reflected in the numbers: our advanced Research and Development helped improve cell efficiency from 17% to 17.80% – at par with the best global standards – through optimised production parameters, the use of best monocrystalline silicon wafers, enhancing



This resulted in increased yield from 80-85% in 2008-09 to about 97% in 2009-10 with attractive material savings.

production processes (diffusion process, etching process, recipe optimisation, among others) and managerial tools. This resulted in an increased yield from 80-85% in 2008-09 to about 97% in 2009-10 with attractive material savings.

Our proactive investment in two cutting-edge technologies (Light Induced Plating and Selective Emitter Process) will result in increased cell power capacity and higher cell output, thereby reducing production cost and making the product available to the masses.

Q. How will the Company address problems related to the marketing of such huge production capacity?

A. We are fortunately placed in this regard. The solar PV market has been growing annually by about 35%, resulting in excess demand. Besides, Websol has been in the SPV market for more than 15 years with a growing presence in Europe, Turkey, Bulgaria, the US, Australia, Switzerland, Reunion Islands and India.

We have a credible track record of having been dependable suppliers to some of the recognised firms in these countries over the last decade. The result: an order book position of around Rs 126 cr as on 30th September 2010, equivalent to about six months of production.

Q. How is the Company prepared to face the industry challenges?

A. In the current industry scenario, the low availability of raw materials and

weak end-product realisations are two primary challenges. This is how we counter them:

- The Company booked a large quantity of raw material when international silicon prices declined. Besides, its long-term agreements with major raw material suppliers minimise the risk arising out of a non-availability of raw materials and a consequent price rise.
- The increase in manufacturing capacity from 40 MW to 60 MW by 2010-11 and to 120 MW by 2011-12 will result in attractive economies of scale and better end-product realisation.
- The Company proposes to enter into arrangements with international research-based organisations to develop advanced technology that enhance cell efficiency and reduce costs.

Q. Coming back to the big question: how will the Company liquidate its increased production capacity?

A. Currently, exports account for more than 99% of our sales. However, I see a big shift beginning to transpire. India is expected to emerge as the next big market for solar energy products.

Few realities that could make this happen: India suffers a peak power deficit ranging from 12-15% with about 80,000 villages having no access to electricity at all. Besides, the country's per capita electricity consumption is only 704 kWh compared with 3,240 kWh globally.

At Websol, we see this gap being narrowed through the growing use of renewable energy. For instance, the JNNISM in India targeted the generation of 20 GW power for the grid-connected system and 2,000 MW for off-grid connections by 2022. The result: a cumulative market of about 0.12 GW in India would grow to 40-45 GW by 2022.

For a start, this will influence our sales profile as well. We expect the proportion of domestic sales to increase from about 1-2% in 2010-11 to 7-8% in 2011-12.

Q. How competently is the Company positioned to account for this opportunity?

A. The Company's production facility at Falta SEZ is capable of handling 120 MW of production capacity. This means that the Company is now positioned to ramp its capacity with speed following spikes in market demand.

Interestingly, we are not waiting for this to happen; we have outlined our strategic blueprint to enhance our production capacity to 120 MW within a year and half from now. Besides, I must assure shareholders that the private placement that we made to fund the first round of this expansion – 10 MW to 40 MW – will be adequate to kickstart a cycle of growth and sustainable profitability and our subsequent capacity additions are likely to be funded out of accruals and minimum debt. I am optimistic that this will enhance value for our shareholders, vindicating our rapid expansion and use of select technology.



12-15

% – the range of peak power deficit in India

44

% – Indian households having no access to electricity

5

% – NAPCC's (National Action Plan for Climate Change) target to make renewable energy contribution out of total electricity consumption with an increase of 1% every year for 10 years

20,000

MW – the ambitious Jawaharlal Nehru National Solar Mission to install solar power

7

th – India's rank in solar photovoltaic cell production

20

billion US\$ – the Indian government's spending on solar PV capacity expansion over a 30-year period

300

days – the number of sunny days in India, making it an attractive destination for solar power generation

Problem: Global temperatures are expected to rise by 6.4 degrees Celsius over the next 100 years leading to tremendous environmental problems.

Solution: Use of renewable energy can reduce it to less than a rise of 2 degrees Celsius.

Problem: The world's annual carbon dioxide emission is expected to rise to 25 Gigatonnes.

Solution: Use of renewable energy can reduce it to 10 Gigatonnes.



THE JAWAHARLAL NEHRU NATIONAL SOLAR MISSION PLANS 20 GW OF SOLAR ENERGY ADDITION IN 10 YEARS. MEANWHILE, THE GLOBAL SPV INDUSTRY INTENDS TO ADD 95 GW BY 2020 AND 513 GW BY 2030.

'Expand or perish' is the mantra of the global SPV industry.

Websol Energy Systems Ltd is responding to this challenging industry requirement with an unprecedented investment.

The Company intends to increase its installed capacity of 40 MW to 120 MW by 2011-12.

A combination of high installed capacity and asset utilisation is expected to reduce production costs, enhancing the Company's competitiveness across all markets and market cycles.

A combination of our prevailing relationships in Italy, Germany, Spain, East Europe, Turkey, Bulgaria, the US, Australia and India with confidence-

enhancing certifications will help us accelerate product offtake. Besides, the Indian government's mandate to procure all cells and modules of indigenous manufacture in the first phase of JNNSM will result in a growing proportion of Indian sales with limited competition.



According to Professor Daniel G. Nocera, the Henry Dreyfus Professor of Energy and Professor of Chemistry from Massachusetts Institute of Technology Chemistry, “I disagree that solar is too expensive. Rather, coal is too cheap. I wish everyone understands this”. He estimates that the world will need around 30 trillion watts (Tw) of power by 2050. It currently generates around 14 Tw. “By 2050, wind energy will be able to generate only around 2.4 Tw, and even if we build one nuclear power plant every 1.5 days forever, we will be able to generate just 8 Tw. Similar is the case with biomass (5-7 Tw), hydroelectric (4.6 Tw) and geothermal (12Tw). It is only with the help of the sun that we will be able to generate a staggering 800 Tw. So while we may continue with other forms of energy, solar power is the way to go.”



RICH EXPERIENCE

=

COMPETITIVE ADVANTAGE

■ **Experience:** Websol Energy Systems Ltd is one of the most experienced Indian companies engaged in the manufacture of solar photovoltaic cells. Over time, it has emerged as a dependable global player with a presence across over 17 countries.

■ **Brand:** The Company enjoys a brand for dependability through reliable product quality and timely supplies translating into a superior price-value proposition.

■ **Vendor relations:** The Company developed long-term relationships with most of its raw material suppliers resulting in consistent material availability and high raw material quality.

■ **Diverse product range:** The Company's product portfolio comprises wafers

(five to six inches in diameter) with a wide output (3 Wp to 280 Wp) catering to diverse market segments.

■ **Value pyramid:** The proportion of revenues derived from modules less than 50 watts was 10% of the Company's total product mix, 20% from 50-150 watts and 70% from 150+ watts in 2008-09. The Company increased its revenue proportion of 150+ watts from 70% to about 90% in 2009-10, resulting in better margins.

■ **Technical tie-ups:** The Company is in talks to tie up with leading international research-based organisations in the area of technological and cell efficiency upgradation.

INITIATIVES PROMISING A BRIGHTER FUTURE.

OPERATIONS

WEBSOL ENERGY SYSTEMS LTD PRODUCED 17.23 MW IN 2009-10 (15 MONTHS) COMPARED WITH 8.86 MW IN 2008-09, A 35% ANNUALISED INCREASE — THE RESULT OF A COMMISSIONING OF ADDITIONAL CAPACITY DURING THE YEAR UNDER REVIEW.

In a business that is technologically challenging, the Company developed a model in which over 80% of its operations were system-driven, resulting in operational predictability. This process-centricity enhanced a sense of getting-it-right-first time accompanied by high efficiency.

The Company invested in a state-of-the-art integrated production facility in Falta SEZ (West Bengal) to emerge as a leading Indian manufacturer of monocrystalline cells and modules. The result is that the Company's products are now recognised the world over for

their competitiveness and quality.

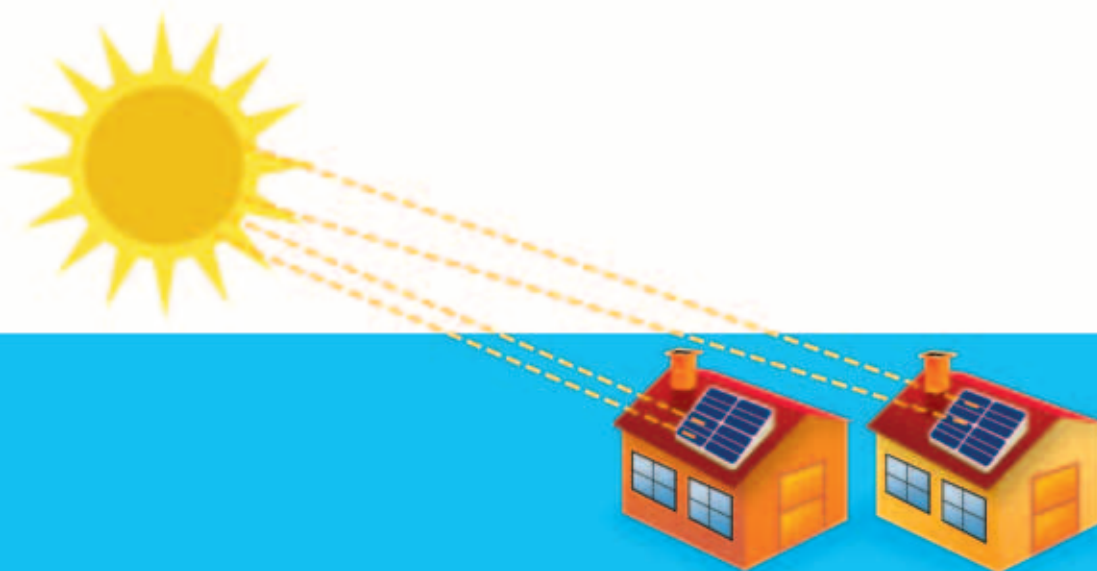
The Company's extension to the Falta SEZ marks a high point. Apart from deriving locational benefits of being located in an SEZ and enjoying tax concessions, the Company's technological investments strengthened its position as a leading global solar photovoltaics manufacturer. The Company also embarked on the following initiatives to reinforce operations:

■ **Efficient supply chain management (SCM) system:** The Company developed a system to track raw materials and finished goods inventories in real time, minimising the possibility of under- or over-stocking, resulting in a credible front being presented to clients. The Company also invested in warehouses (in Europe and the US) to ensure timely delivery.

■ **Manufacturing process:** The Company enhanced its manufacturing benchmarks to achieve targeted capacity utilisation and product efficiency, any deviations being reported immediately. The result was a consistent, safe and accident-free working environment with a high uptime.

■ **Product innovation:** In-house product development tracks market developments leading to new product development. The Company's ability to identify new trends and respond with relevant products resulted in a stronger response to opportunities. The Company's introduction of six-inch cells and production of modules with 230 Wp and 280 Wp were results of this priority.

■ **Preferred vendor:** The Company is a preferred vendor for large customers owing to its ability to customise products.



COST MANAGEMENT

IN A BUSINESS WHERE RAW MATERIAL PROPORTION ACCOUNTS FOR ABOUT 70-75% OF THE OVERALL COST OF PRODUCTION, THE KEY LIES IN EFFECTIVELY MANAGING ALL COSTS UNDER THE COMPANY'S DIRECT CONTROL.

This is relevant for another reason: over the last few years, a number of companies engaged in various initiatives to reduce their production costs and, passed these on to customers, the result is that international SPV realisations

gradually declined. This reality made it imperative to reduce production costs and stay competitive.

The Company invested in the following initiatives to reduce costs:

- **Economies of scale:** The increased scale from 40 MW to 60 MW will strengthen the Company's ability to cover fixed costs more effectively and reduce capital cost per megawatt.
- **Low transportation cost:** The Company generates over 95% of its revenues from exports resulting in a high

transportation cost. The Company initiated warehouses in Europe and the US to reduce this cost and accelerate product delivery.

- **Long-term supplier relations:** Long-term supplier relations ensure a continuous supply of quality raw material, lower cost and a low inventory, reducing storage costs.
- **Optimum resource utilisation:** The Company set output targets, resulting in an optimum utilisation of manpower, raw material and energy.

The result:

Production costs

(Rupees in lacs)

	2007-08	2008-09	2009-10*
Manpower cost per MW	23.67	22.38	21.70
Energy cost per MW	14.76	15.40	25.54
Raw material cost per MW	1312.22	1138.76	538.37

* The plant capacity is 120 MW, i.e. the infrastructure (facility and utilities) has been designed in line with the mentioned capacity. The actual production in 2009-10 was 13.78 MW (annualised) as the energy consumption was higher than the standards. On completion of the expansion and full utilisation of capacities, this value will be in line with the industry standard.

QUALITY MANAGEMENT

IN A TECHNOLOGICALLY ADVANCED PRODUCT, WHERE DELIVERED VALUE IS THE RESULT OF THE DELIVERED OUTPUT – THE HIGHER THE OUTPUT THE LOWER THE COST AND VICE VERSA – IT IS IMPERATIVE TO MANUFACTURE A PRODUCT THAT GENERATES THE HIGHEST EFFICIENCY.

The Company has a fair record to show in this regard. Over the years, the Company optimised its processes to manufacture products with high efficiency. The result was an ISO 9001:2008 certification from DNV that endorses process standards and IEC 61215 and IEC 61730, endorsing

product standards. Apart from this the products are also UL 1703 certified from CSA International Canada.

Over the years, the Company protected product quality through the following initiatives:

- **Standard parameters:** We set standard production parameters for each process in line with international standards, resulting in high production efficiency.

- **Product monitoring:** We divided our production process into stages whereby the output of one stage represented an input for the other. Our products are monitored at each production stage, making it possible for errors to be

detected and corrected with speed following detection.

- **Statistical analysis:** We implemented statistical techniques to check quality deviations in products quality from set standards.

- **Procuring quality raw materials:** Our long-term relationships with 'A class' suppliers enables us to procure quality raw material, as a result of which end products meet international quality standards.

The result: About 83% of the Company's revenues were derived from clients that had worked with the Company over three years, indicating products of acceptable quality.

SAFETY, HEALTH AND ENVIRONMENT

IN AN ENVIRONMENTALLY-SENSITIVE BUSINESS, IT IS IMPERATIVE TO PRODUCE PRODUCTS USING THE HIGHEST STANDARDS OF PERSONAL AND ENVIRONMENTAL SAFETY.

The Company made proactive investments to provide a safe and healthy working environment for employees. In line with these investments and priorities, the Company was certified for ISO 14001:2004 and OHSAS 18001:2007.

The Company's initiatives leading to enhanced employee safety and environment protection comprised the following:

- **International safety standards:** We follow all guidelines as per OHSAS 18001:2007 and provide necessary safety training to employees. We also documented all safety procedures to be followed during the production process leading to complete protection.

- **Compliance with environmental standards:** Our manufacturing facilities are in line with all legal requirements set for environment protection, making us an environment-friendly company.

- **Employee concern:** We ensure regular medical check-ups for employees and provide them with necessary training to increase safe working.

- **Health and hygiene:** We follow standard operating processes as per set EMS guidelines to create a clean and hygienic working environment.

RESEARCH AND DEVELOPMENT

IN A TECHNOLOGICALLY SOPHISTICATED BUSINESS, IT IS IMPERATIVE TO INVEST IN RESEARCH AND ENHANCE PRODUCT EFFICACY ON THE ONE HAND AND REDUCE PROCESS COSTS ON THE OTHER.

Websol invested in 200 professionally qualified and motivated members (12% engineers) working in an empowered environment. Some 100 members were recruited in 2009-10. These members were trained technically, functionally

and behaviourally by internal or external faculties.

The result was that we progressively increased cell efficiency through research-led variations in product design through the use of superior raw materials, evolving ingredient proportions and ongoing consultations with international partners.

During the recent past, the Company entered into the following initiatives:

■ **International tie-ups:** We initiated a tie-up with an international research-based organisation to enhance cell efficiency and implement new technological developments.

■ **In-house research:** We made improvements in wafer texturisation, screen printing and metallisation, selective emitter, back contact and the use of n-type wafer as base material leading to improvement in cell efficiency.

MARKETING

IN A BUSINESS WHERE DEMAND MAY BE GEOGRAPHICALLY DISPERSED AND WHERE COMPETITION MAY BE RISING, THE NEED IS TO MARKET PRODUCTS EFFECTIVELY.

Websol undertook the following promotional activities to enhance product visibility and market share:

■ **Global presence:** The Company's products are marketed to Italy, Germany, Switzerland, Spain, East Europe, Turkey, Bulgaria, the US,

Australia and India. It plans to enter new geographies and expand its presence in existing locations.

■ **Product mix:** The Company's extensive product mix comprises diverse modules (3 Wp to 280 Wp) providing flexibility to cater to demand from various grid and off-grid applications. We are further enhancing design to develop modules with high output (290 Wp and above).

■ **Distributors:** We enlisted distributors to represent the Company across

countries to cater to the daily requirements of customers.

■ **Product visibility:** We participated in international exhibitions, conferences and work shops, advertised in industrial magazines, and worked with renowned customers on prestigious projects leading to global brand awareness.

■ **Membership:** We are members of ISA Solar PV Core Interest Group (CIG) and Solar Energy Society of India (SESI), involved in drafting policies and domestic market development.

Average realisation per MW

(In Rs. crore)

April-June 2009	July-September 2009	October-December 2009	January-March 2010	April-June 2010	July-September 2010
10.93	10.96	10.27	8.38	6.65	6.84



RS. 259 CRORE

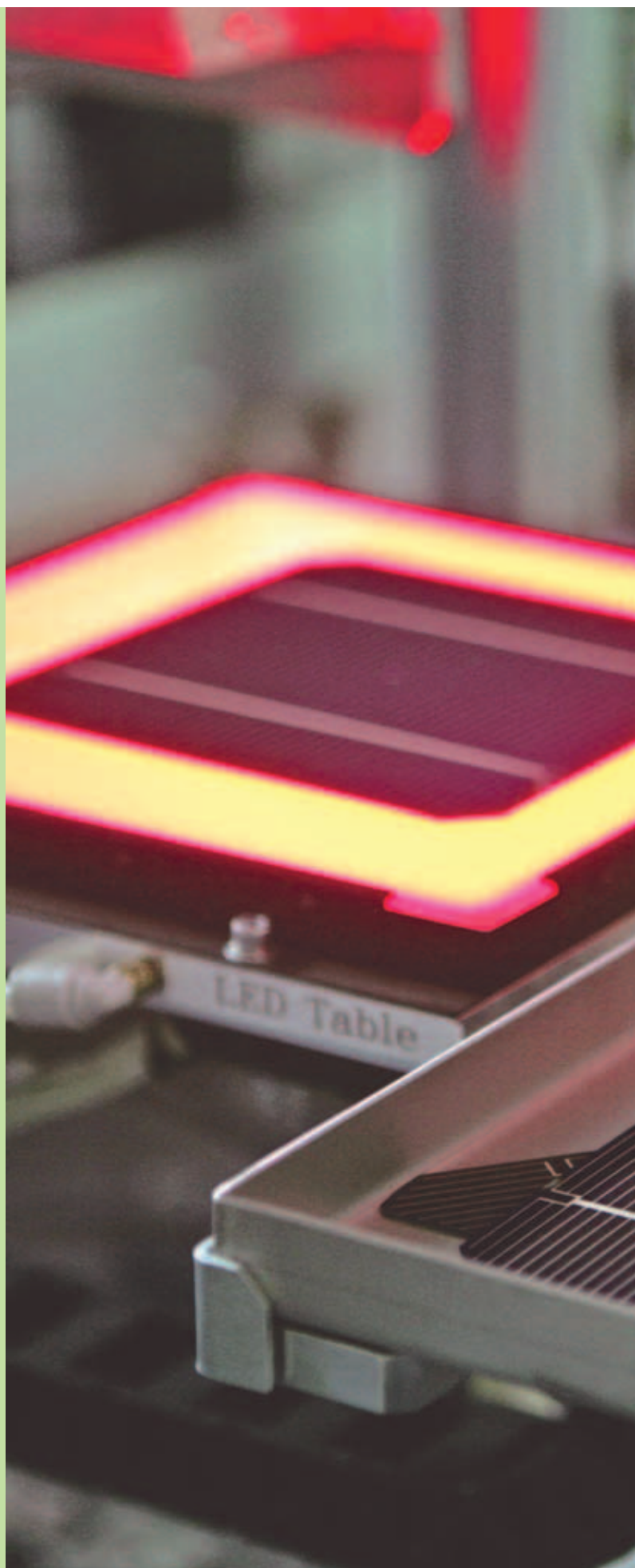
The size of our gross block as on 30th June 2010, more than five times our gross block as on 31st March 2009.

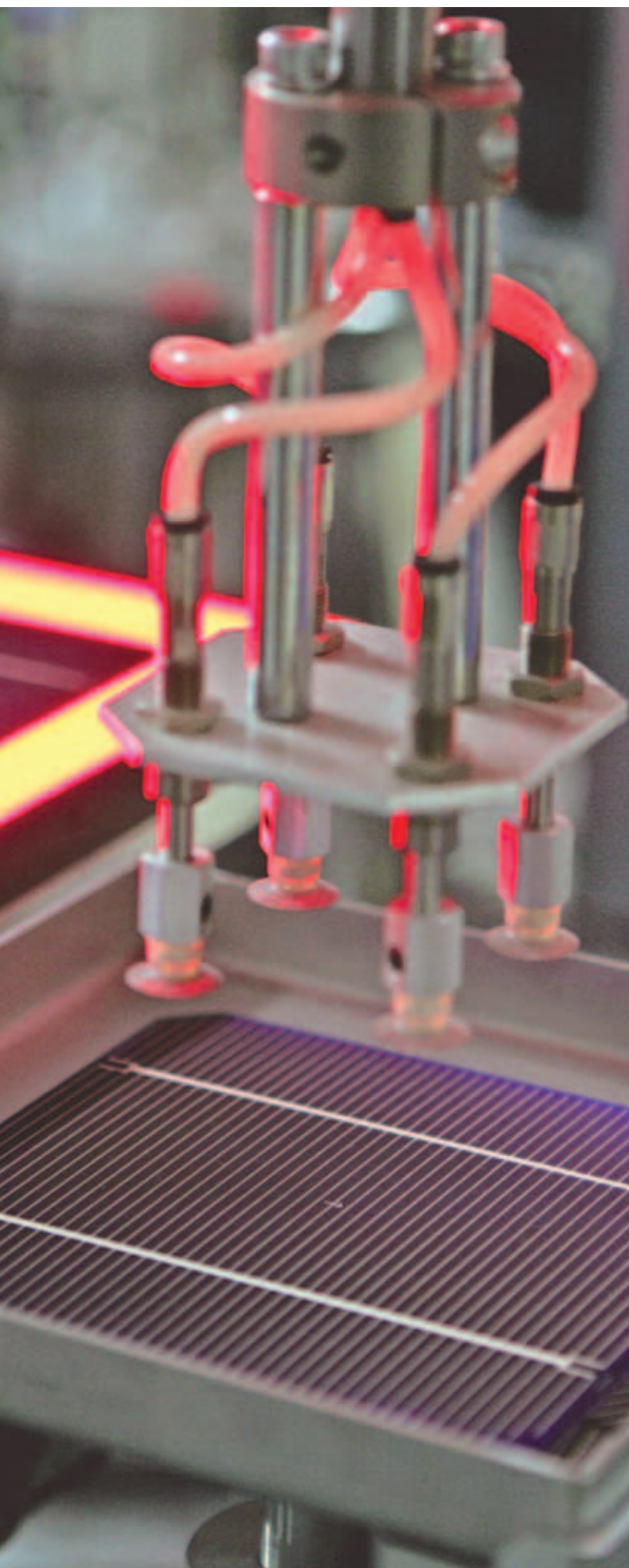
The Company made one of its most decisive investments in the last few years to enhance shareholder value in a sustainable way.

This gross block investment of Rs 210 cr was made in state-of-the-art facilities and equipment, translating into a globally acceptable production scale and product quality.

Although the new facility was not fully operational during the year under review, return on gross block was 8.47% in 2009-10. This is likely to increase when the Company raises its asset utilisation.

As a proactive measure, the Company invested in infrastructure capable of supporting production up to 120 MW. The Company's installed capacity is currently only 40 MW. This indicates that subsequent investments in capacity growth will be moderate, resulting in a superior return on invested capital.





19.08%

The EBITDA margin as on 31st March 2010 compared with 20.45% as on 31st March 2009.

The Company reported a healthy EBITDA margin of 19.08%, reflecting partly the benefits of its expansion.

The Company's average capacity utilisation during the year was about 50%, expected to rise, strengthening margins further.

The Company graduated from the manufacture of 125 mm cell to 156 mm cell, expected to reduce production costs.

The Company further created the 3 bus bar cell and widened the product mix to cover higher modules of 230 Wp and 280 Wp, strengthening its competitiveness.

RS. 126 CRORE

The size of the order book as on 30th September, 2010, compared with Rs. 60 crore as on 31st March 2009.

The Company possessed an order book of Rs. 126 crore as on 30th September 2010 which will need to be liquidated by March 2011. The Company's order book consists of orders from reputed existing clients like Eclipse Italia SRL, Ikarus Solar GmbH, Eurosol GmbH and Solar Watt AG.

Once the expansion is fully implemented, the Company expects to add new customers.

The Company's presence in 17 countries with further expansion plans in the US, Canada, Australia and India is expected to substantially increase the order book position.

Besides, the Company's ability to retain over 80% of its existing customers would increase the chances of getting more orders.

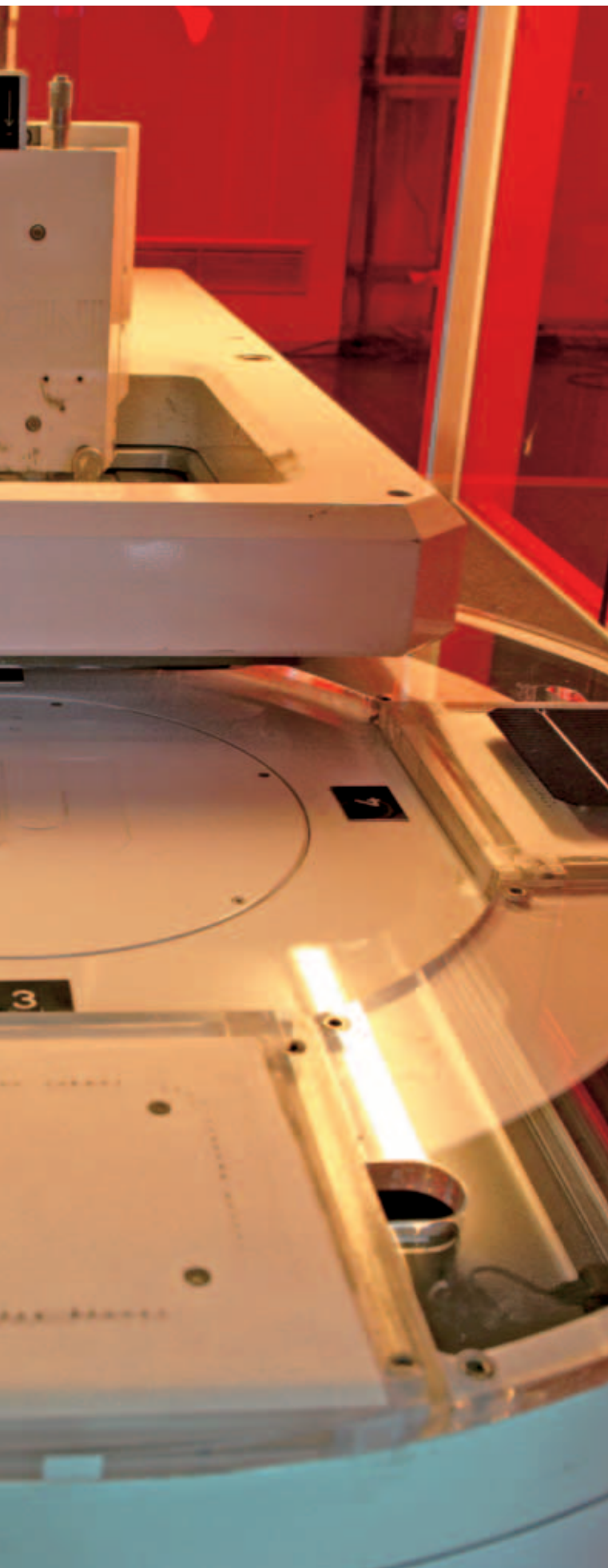
17.8%

The cell efficiency as on 30th June 2010, compared with 16.80% as on 31st March 2009.

The increase in cell efficiency improved product quality on the one hand and reduced production cost on the other.

The Company's manufacturing process was benchmarked with international standards, minimising deviations in product quality. Besides, long-term relations with raw material suppliers ensured quality raw material. The in-house cell and module line enabled the Company to maintain product quality and improve cell efficiency.





1.93

The debt-equity ratio as on 30th June 2010, compared with 3.25 as on 31st March 2009.

The Company focuses on reducing dependence on external funds for the purpose of expansion, clearly visible in its reduced debt equity ratio.

The Company further aims to achieve capacity expansion through internal funding and minimum proportion of debt, reducing the interest component. This would result in increased profits available to the shareholders.

17 MW

The actual production during 2009-10, compared with 8.9 MW in 2008-09

The Company, with a capacity of 10 MW in 2008-09, managed to produce 8.90 MW in 2008-09 and with a capacity of 40 MW, managed to produce 17MW in the 15 months ended 2009-10. This underutilisation was on account of the ongoing expansion programs. Thus, in the coming years, the Company expects to increase its capacity utilisation resulting in higher output, improved economies of scale and better margins.

MANAGEMENT DISCUSSION & ANALYSIS

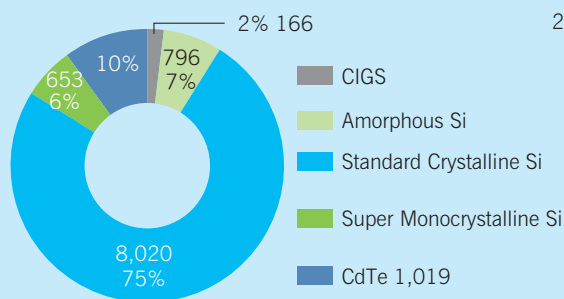
Photovoltaic (PV) system

Photovoltaic is a method of generating electric power by solar radiation into direct current using semi-conductors that exhibit the photovoltaic effect.

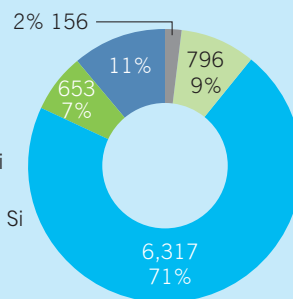
As per the semi-conductor material used in the photovoltaic system, this technology can be classified into crystalline silicon and thin film technology.

Technologies available in the photovoltaic system

Crystalline silicon technology	Thin film technology
- Made from thin slices cut from a single crystal of silicon (monocrystalline) or from a block of silicon crystals (polycrystalline) - Efficiency between 12% and 17% - Most prevalent technology - Accounts for about 85% of the market	Thin film modules constructed by depositing extremely thin layers of photosensitive materials onto a low-cost backing (glass, stainless steel or plastic)
Types of crystalline cells: - Monocrystalline (Mono c-Si) - Polycrystalline (or multicrystalline) (multi c-Si) - Ribbon sheets (ribbon-sheet c-Si)	Types of thin film modules: - Amorphous silicon (a-Si) - Cadmium telluride (CdTe) - Copper Indium/gallium diselenide/disulphide (CIS, CIGS) - Multi junction cells (a-Si/m-Si)



2009 Global PV cell
production by technology



2009 Global module
production by technology

Global PV industry

The year 2009 was challenging for PV suppliers worldwide marked by oversupply and price declines. Despite this, global PV installation increased 20% from 6.09 GW in 2008 to 7.20 GW in 2009. The total module production during 2009 was 8.95 GW and total cell production was 10.66 GW (increase of 51% over 2008 production of 7.05 GW). The overall thin-film production in 2009 doubled from 966 MW in 2008 to 1.98 GW in 2009.

The global renewable energy basket

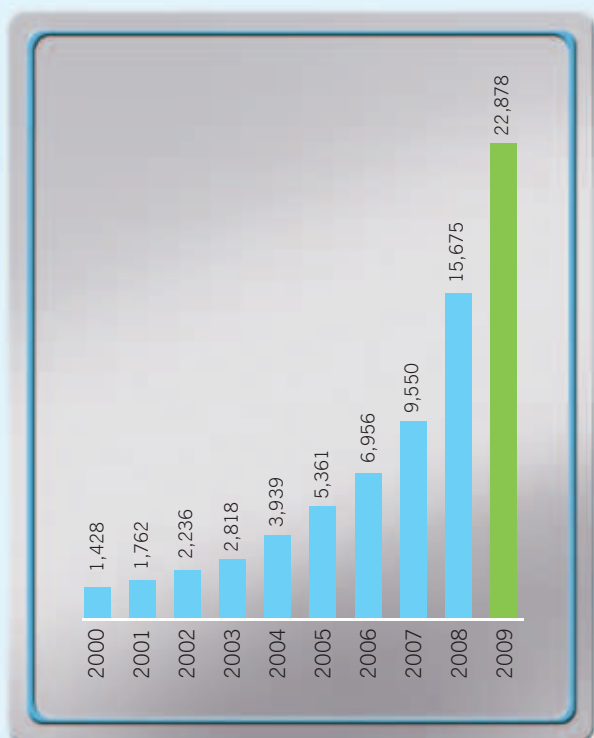
consists of 19% of the final energy consumption. Solar energy is the fastest growing renewable energy source, with grid-connected solar photovoltaic registering a CAGR of 60% in the last five years.

The PV industry generated US \$38.5 billion in global revenues in 2009, successfully raising over US \$13.5 billion in equity and debt, up 8% on the prior year. European countries accounted for 5.60 GW (77% of world demand) in 2009. The top three countries in Europe were Germany, Italy

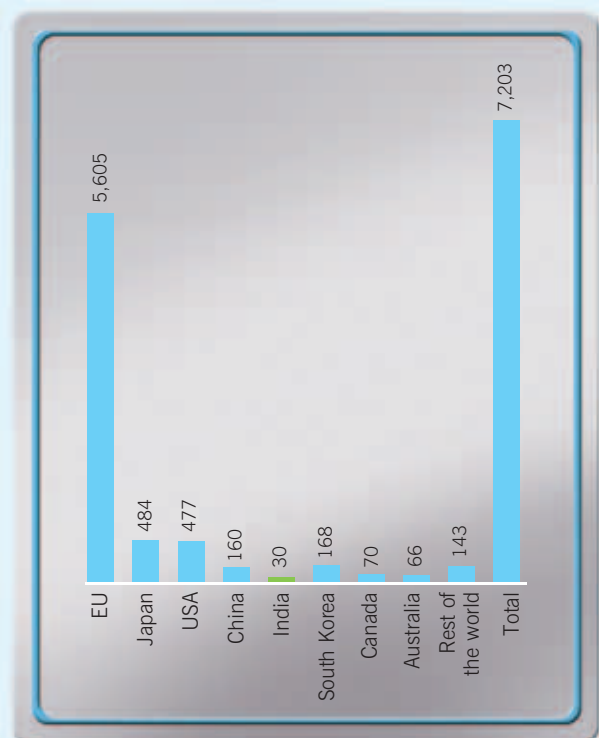
and the Czech Republic, which collectively accounted for 4.07 GW. All three countries experienced soaring demand, with Italy becoming the second-largest market in the world.

World solar cell production reached a consolidated 9.34 GW in 2009, up from 6.85 GW a year earlier, with thin film production accounting for 18% of that total. China and Taiwanese production continued to build share and now account for 49% of global cell production. [Source: European Photovoltaics Industry Association (EPIA)]

World PV installed capacity (in MW)



World additional PV installation in 2009 (in MW)



MANAGEMENT DISCUSSION AND ANALYSIS



Up to 31st December, 2009, a total of 34,750 solar lanterns, 39,591 solar home lighting systems, 5,727 solar street lights, 1.5 MWp aggregate capacity of stand-alone SPV power plants and 725 kWp SPV rooftop systems were sanctioned

Sixteen regional rural banks proposed to sanction loans for 1,19,000 solar PV systems, of which 37,865 loans were sanctioned by 31st December 2009. The cumulative loan disbursement and loan sanction for solar photovoltaics till 31st December 2009 were Rs. 319.95 crore and Rs. 619.31 crore.

Germany: Germany became the world's largest PV market, doubling PV installation from 1.80 GW in 2008 to 3.80 GW in 2009. The combination of good financing, skilled PV companies, proven FiT (Feed-in Tariff) and public awareness accounted for this success. The decrease in FiT may reduce growth with estimated additional installation of 5-7 GW in 2010 and 3-4 GW in 2011 [Source: EPIA].

Italy: Italy was second in the global PV market with an installation of 711 MW in 2009 compared with 338 MW in 2008 owing to high feed-in tariffs and a good national solar resource. It is expected to install nearly 1.50 GW and will be the second-largest national market in 2010 as installations are rushed ahead of planned feed-in-tariff cuts [Source: EPIA].

Japan: The launch of a residential PV programme, net-metering and support for local authorities and private sector led to Japan almost doubling its PV installation from 280 MW in 2008 to 484 MW in 2009. It stood at the third position and set an ambitious target of installing 28 GW by 2020 and 53 GW by 2030 [Source: EPIA].

United States: The country added an estimated 477 MW of solar PV, including 40 MW of off-grid PV in 2009, raising cumulative capacity to about 1.26 GW. In 2014, the installation in the U.S. could reach 3 GW, surpassing all countries except Germany [Source: EPIA].

Czech Republic: The country was fifth in the global PV market with a PV

installation of 411 MW in 2009 compared with 51 MW in 2008. Generous FiT and administrative procedures led to a boom in its PV market. It is expected to add 1 GW in 2010 [Source: EPIA].

Spain: Complex administrative policies, delays, economic crisis and price decline led to a decline in this PV market. The leader in 2008 with PV installation of 2.60 GW collapsed to 69 MW in 2009. It is expected to add another 600 MW in 2010 and 700 MW in 2014 [Source: EPIA].

Government policy targets

By 2009, over 85 countries had some policy target in place for the use of renewable energy, up from 45 countries in 2005. Many national targets were for shares of electricity production, typically 5-30%, but ranged as high as 90%. Other targets are for shares of total primary or final energy supply (typically 10-20%), specific installed capacities of various technologies, or total amounts of energy production from renewables. Most recent targets aimed for 2020 and beyond. Europe's target (20% of final energy by 2020) was prominent among OECD countries. Among developing countries, examples included Brazil (75% of electricity by 2030), China (15% of final energy by 2020), India (20 GW solar energy by 2022) and Kenya (4 GW of geothermal by 2030). Capital subsidies and tax credits were instrumental in supporting solar PV markets, with new solar PV rooftop programme announced in several countries in 2009.

Indian PV industry

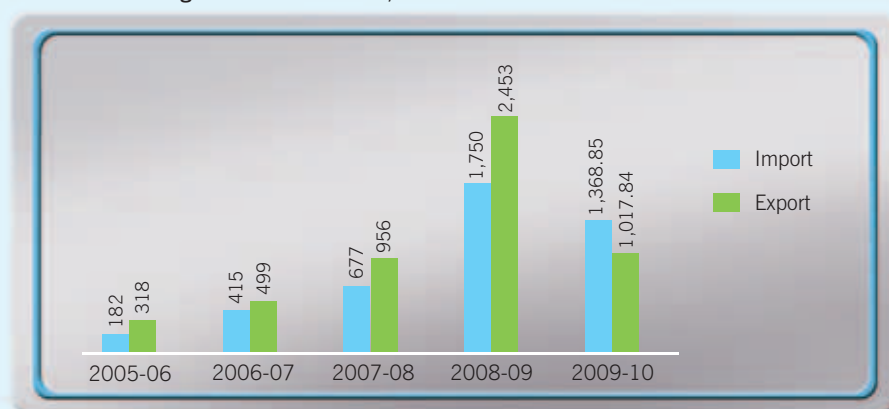
India ranked seventh worldwide for solar photovoltaic (PV) cell production and was ninth in solar thermal power systems. The additional PVs installed in India reached 30 MW in 2009. This sector grew rapidly owing to government initiatives like tax exemptions and subsidies. Owing to a technical potential of 5,000 trillion kWh per year and minimum operating cost, solar power is considered the best suited energy source for India, expected to grow 25% y-o-y and reach 200 MW by 2012. The country adopted targets for solar power of 1 GW by 2013 and 20 GW by 2020 (including 1 GW of off-grid solar PV by 2017). Besides, the implementation of the three-phase plan for solar PV capacity expansion is likely to begin in 2010, with the Indian government spending around US \$20 billion over 30 years.

Production: India's production during 2009-10 was estimated at over

400 MW of solar cells and about 1,000 MW of PV modules compared with 175 MW of solar cells and 240 MW of PV modules in the previous year. Even though India now produces around 1 GW of modules a year, the total cumulative PV installation in India is about 120 MW. It is expected that the capacity of solar cells and PV modules will cross 750 MW and 1,250 MW by the end of 2010 [Source: India Semiconductor Association (ISA)].

Foreign trade: India has always been a net exporter of solar PV technology, with about 66% of cumulative domestic PV production till 2009 catering to overseas markets. During 2009-10, the exports of photovoltaics in India accounted for Rs. 1,368.85 crore whereas the imports during the year were Rs. 1,017.84 crore. The graph below represents the year-wise export-import details of solar PV:

Trends in foreign trade of solar PV, India



Source: Ministry of Commerce, Trade under HS Code: 85414011

Grid-connected Solar PV, 2005-2009

Country	Added 2005	Added 2006	Added 2007	Added 2008	Added 2009	Existing 2006	Existing 2007	Existing 2008	Existing 2009
MW						GW			
Germany	900	830	1,170	2,020	3,800	2.8	4.0	6.0	9.8
Spain	23	90	560	2,430	70	0.2	0.7	3.3	3.4
Japan	310	290	240	240	480	1.5	1.7	2.0	2.6
United States	65	100	160	250	430	0.3	0.5	0.7	1.2
Italy	-	10	70	340	710	<0.1	0.1	0.4	1.1
South Korea	5	20	60	250	70	<0.1	0.1	0.4	0.4
Other EU	40	40	100	60	1,000	0.2	0.3	0.4	1.4
Other World	>20	>50	>150	>250	>400	>0.1	>0.3	>0.5	>0.9
Total added	1,350	1,400	2,500	5,900	7,000				
Cumulative						5.1	7.6	13.5	21

MANAGEMENT DISCUSSION AND ANALYSIS

JNNSM targets

- To create an enabling policy framework for the deployment of 20,000 MW of solar power by 2022
- To ramp up capacity of grid-connected solar power generation to 1,000 MW by 2013, an additional 3,000 MW by 2017 through the mandatory use of the renewable purchase obligation by utilities backed with a preferential tariff
- To create favourable conditions for solar manufacturing capability, particularly solar thermal for indigenous production and market leadership
- To promote programmes for off-grid applications, reaching 1,000 MW by 2017 and 2,000 MW by 2022
- To achieve 15 million square meters of solar thermal collector area by 2017 and 20 million by 2022
- To deploy 20 million solar lighting systems for rural areas by 2022

Optimism: The Ministry of New and Renewable Energy (MNRE) is deliberating a draft national Renewable Energy Policy for India, which proposes a national renewable portfolio standard (RPS) requiring 10% of Indian electricity to come from renewables by 2010 and 20% by 2020. Renewable energy remains a small fraction of installed capacity, yet India is blessed with over 150,000 MW of exploitable renewables. With the increasingly favourable regulatory and policy environment along with a growing number of entrepreneurs and project developers, India ranked as the third most attractive country to invest in renewable energy after the US and Germany (in the Ernst and Young Country Attractiveness Indices). The government increased the budgetary allocation for MNRE by 61% from Rs. 6.2 billion to Rs. 10 billion. The government established National Clean Energy Fund (NCEF) for funding research and innovative projects in clean energy technologies. In order to provide fund for the research a cess of Rs. 50 per ton on coal was imposed. According to CRISIL, nearly Rs. 30 billion would be available as clean energy cess on coal.

Initiatives by the Government of India

Jawaharlal Nehru National Solar

Mission (JNNSM): The Government of India emphasises the development of grid-connected applications by offering feed-in-tariffs for the power producers over a period of 25 years. There is no import duty on capital equipment, raw materials and excise duty exemption,

low interest rates, incentives under SIPS and solar manufacturing tech-parks, among others. The policy plans to develop R&D strategy and train people to meet the demand for skilled manpower.

The National Rural Electrification

Policy, 2006: The policy aims to provide electricity to all Indian households and a minimum 'lifeline' level of consumption of 1 unit (KWh) per household, per day. It also allows implementing off-grid solar PV solutions in areas where grid electricity is not feasible.

Semiconductor Policy (2007): The policy aims to encourage semiconductor and ecosystem manufacturing. It offers a capital subsidy of 20% for manufacturing plants in SEZs and 25% for manufacturing plants outside SEZs.

State-level initiatives: There are various state level initiatives which comprise the following:

Government of Andhra Pradesh:

Develop a solar farm cluster called Solar City on a 10,000 acre land at Kadiri, Anantapur district with a capacity to generate 2,000 MW

Karnataka Power Corporation Ltd:

Implemented two projects of 3 MWp and awarded a third project of the same capacity to power irrigation pumps

Government of Gujarat: Fixed a target to develop a capacity of 716 MW by 2014 of which 365 MW would be from solar PV and the rest from solar thermal

Government of Haryana: Signed six MoUs with private players to set solar PV plants of 12 MW in the state

Industry demand drivers

- **Rise in poly-silicon availability:** India is planning to foray into the production and processing of polysilicon. In 2009, India imported about 4,000 TPA of polysilicon and wafers.
- **Rising energy needs:** The country's primary energy demand is expected to grow from 400 million tons of oil estimate (MTOE) to 1,200 MTOE by 2030; electrical energy will rise from a low of 66 kWh per capita to 2,000 kWh by 2032 and grid-connected power generation capacity is expected to rise from 147 GW to over 460 GW by 2030.
- **Demand-supply gap:** There is a gap between power demand and supply in India with power deficit of about 10% and peak deficit of 13.8% in June 2010. Almost a third of the population has no access to grid electricity.
- **Demand for off-grid PV application:** Apart from PV application in rural areas, there are other PV off-grid applications with huge scope in India, comprising: off-grid lighting system, irrigation pump, captive power and urban application.
- **Availability of funds:** The solar PV players get financial assistance from FIIs

and banks for investing in projects.

- **Geographical location:** Most Indian regions enjoy 300 sunny days a year, 3,000 hours of clear sunshine a year and solar radiation of about 5,000 trillion kWh/year.
- **Fall in raw material costs:** In 2009, global polysilicon prices fell by 80%, silicon wafer prices declined 50% while there was a 37.80% fall in crystalline module prices, reducing the cost of generating solar photovoltaic energy. In 2010, crystalline module prices are expected to fall 20%, silicon wafer prices will fall 18.20%, polysilicon prices will fall 56.30%.

Global PV prices

The solar PV industry saw major declines in module prices in 2009, by some estimates dropping over 50–60% from highs averaging US \$3.50 per Wp in the summer of 2008. After the economic slowdown in 2008, 2009 started with a high inventory of about 2 GW and high prices. The manufacturers held stock in the first half of 2009 while in the second half, prices fell to an all-time low of US \$1.90 per Wp for large quantity buyers and

US \$2.50 per Wp for medium quantity buyers. The year 2010 began with an inventory level of 500 MW and demand and prices are expected to recover [Source: Navigant].

Indian outlook

Indian solar power industry has tremendous potential. Cumulative power generation capacity is about 152 GW, but faces a deficit of 10% in overall demand and peak deficit of 13.80% in June 2010. With a 6% growth in demand for power, peak load is expected to reach 176 GW by 2012 and cross 778 GW by 2031-32.

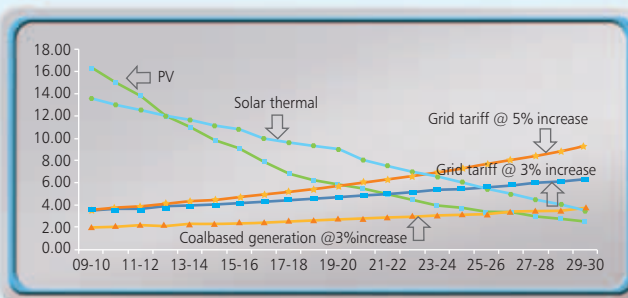
In India, more than 50% of the power in thermal and coal reserves are expected to last another 40-45 years, making it imperative to invest in renewable energy. The Indian solar PV industry recorded a CAGR of 35% from 2000-2010 and its grid-connected solar power generation capacity is expected to increase from 6 MW to 1,000 MW by 2017.

It is also estimated that the cost of power generation from solar PV will achieve grid parity by 2019-20 and match coal-based power generation by 2025-26.

Estimated prices to the first point of sales, 2000-2010



Cost projection for grid parity of solar PV in India



Source MNRE presentation, Solar Conclave 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Global outlook

Solar PV electricity, the fastest growing power generation technology, is present across 100 countries. The overall global PV installation increased nearly six times from 2004 and is expected to grow faster. Solar photovoltaic (PV) power is a viable and reliable technology with a significant potential for long-term growth in nearly all regions. As PV matures into mainstream technology, grid integration and management and energy storage could become key issues. In the PV

industry, grid operators and utilities need to develop new technologies and strategies to integrate large amounts of PV into flexible, efficient and smart grids. IEA's roadmap estimates that by 2050, PV will provide around 11% of global electricity and reduce 2.3 gigatonnes (Gt) of CO₂ emissions annually.

The new installation of PV in the world could reach 10.1 GW in 2010, 8.52 GW in 2011, 9.53 GW in 2012, 11.82 GW in 2013 and 13.73 GW in 2014 in the moderate scenario.

Polysilicon and wafer supply

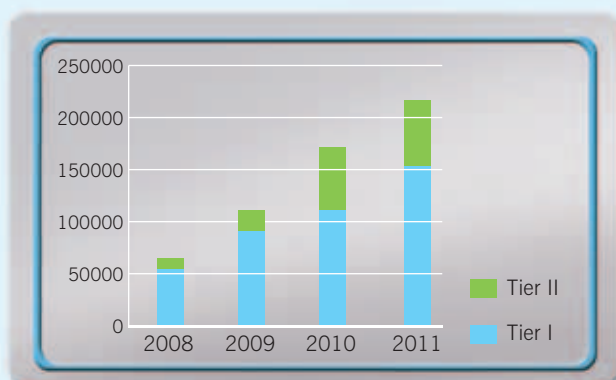
Global poly-silicon supply will grow in 2010 and US \$45-US \$50/kg of spot poly price can be expected by 2010/E as per industry sources, which can stimulate PV demand. Wafer over-capacity exists in 2010. Consolidation and low utilisation can be observed in non-competitive wafer companies. In contrast, cost competitive and quality wafer companies can leverage market growth.

Estimated additional PV installations

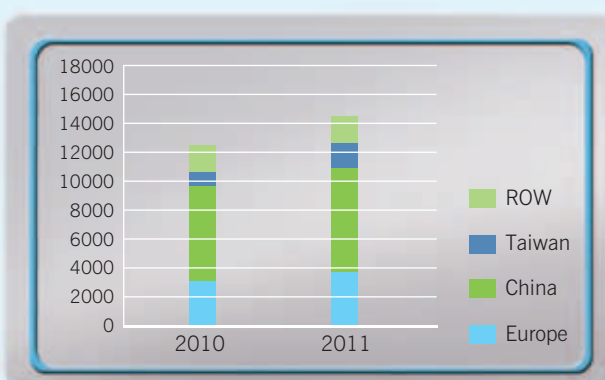
(In MW)

	2010E	2011E	2012E	2013E	2014E
Europe	8,190	5,670	6,095	7,525	7,980
China	160	250	300	400	600
India	50	100	150	200	250
Japan	700	900	1,000	1,100	1,200
USA	600	1,200	1,500	2,000	3,000
Rest of the world	380	400	480	590	700

Global polysilicon capacity (in MT)



Global solar wafer capacity (in MW)



[Source: NSP]

FINANCIAL REVIEW



Accounting policy

The financial statements of Websol Energy Systems Limited were prepared following the accrual basis of accounting on the basis of accounting standards as per section 211 (3C) of the Companies Act, 1956. There were no changes in the accounting policies of the Company compared with the previous year.

Analysis of the profit and loss account

Financial snapshot

(Rs. cr)

	2009-10 (15 months)	2009-10 (annualised)	2008-09	% growth (annualised)
Total income	171.49	137.19	147.82	(7.19)
Net sales	149.62	119.69	139.12	(13.97)
EBITDA	28.55	22.84	28.45	(19.72)
PBT	(2.97)	(2.38)	16.78	(114.18)
PAT	(3.00)	(2.40)	10.56	(122.73)
Cash profit	9.45	7.56	12.66	(40.28)

- Total income declined 7.19% from Rs. 147.82 cr in 2008-09 to Rs. 137.19 cr in 2009-10
- EBITDA declined 19.72% from Rs. 28.45 cr in 2008-09 to Rs. 22.84 cr in 2009-10
- Cash profit declined 40.28% from Rs. 12.66 cr in 2008-09 to Rs. 7.56 cr in 2009-10
- PBT declined 114.18% from Rs. 16.78 cr in 2008-09 to Rs. (2.38) cr in 2009-10
- PAT declined 122.73% from Rs. 10.56 cr in 2008-09 to Rs. (2.40) cr in 2009-10

Margin

(In percentage)

	2009-10 (annualised)	2008-09
EBITDA margin	19.08	20.45
Net profit margin	(2.01)	7.59
Cash profit margin	6.32	9.10

- EBITDA margin decreased 137 basis points
- Net profit margin decreased 960 basis points
- Cash profit margin decreased 278 basis points

FINANCIAL REVIEW

Income analysis

Total income: The total income of the Company (income from operating and non-operating income) was Rs 137.19 cr in 2009-10.

Income from operating activities: The operating income of the Company comprising net sales declined 13.97% from Rs. 139.12 cr in 2008-09 to Rs. 119.69 cr in 2009-10 due to the global price reduction for photovoltaics: average realisations declined from US \$3.24/Wp in 2008-09 to US \$2.2/Wp in 2009-10. Net export sales decreased from Rs. 138.02 cr in 2008-09 to Rs. 117.96 cr (Rs. 147.45 for the 15 months ended) in 2009-10, whereas domestic sales increased from Rs. 1.09 cr in 2008-09 to Rs. 1.74 cr (Rs. 2.17 for 15 months) in 2009-10. Export sales, as a proportion of total sales, decreased from 99.22% in 2008-09 to 98.55%.

Income from non-operating activities: The total income from non-operating activities increased 173.5% from Rs. 5.17 cr in 2008-09 to Rs. 14.14 cr

(Rs. 17.68 cr for 15 months) in 2009-10. The non-operating income comprised the following:

Interest income: Total interest income (from banks and loans given to corporate bodies) decreased 2.19% from Rs. 5.02 cr in 2008-09 to Rs. 4.91 cr (Rs. 6.13 cr for 15 months) in 2009-10.

Profit from foreign exchange fluctuation: The Company managed to generate a profit of Rs. 9.24 cr (Rs. 11.55 cr for 15 months) on account of mark to market provisions for foreign currency loans availed.

Cost analysis

The total expenditure increased 6.52% from Rs. 131.04 cr in 2008-09 to Rs. 139.58 cr (Rs. 174.47 for 15 months) in 2009-10.

Operating expenses: Total operating expenses reduced 1.57% from Rs. 119.37 cr in 2008-09 to Rs. 114.36 cr in 2009-10 as the Company upgraded from the manufacture of 125 mm cell to 156 mm

cell. Technologically, the Company also improved from automated plant and increased in capacity, thereby reducing production costs. The primary items in the operating expenses comprised purchases and employee compensation. Purchases decreased from Rs. 129.34 cr in 2008-09 to Rs. 128.22 cr in 2009-10. Compensation to employees grew 88.62% to Rs. 3.74 cr. The average cost of manpower/MW decreased from Rs. 22.38 lacs/MW in 2008-09 to Rs. 21.70 lacs/MW in 2009-10.

Financial expenses: Financial expenses, consisting of interest paid on borrowed funds, increased 59.46% from Rs. 9.57 cr in 2008-09 to Rs. 15.26 cr in 2009-10 owing to funding of new loans for capacity expansion. The interest cover was 1.5 in 2009-10.

Non-cash expenses: Total non-cash expenses (comprising depreciation) increased from Rs. 2.10 cr in 2008-09 to Rs. 9.96 cr in 2009-10 owing to the addition of Rs. 210 cr to gross block.

Cost components

(Rs. cr)

Costs	2009-10 (15 months)	2009-10 (annualised)	% of total annualised cost	2008-09	% of total cost
Operating expenses	142.95	114.36	81.93	119.37	91.09
Financial expenses	19.07	15.26	10.93	9.57	7.30
Non-cash expenses	12.45	9.96	7.14	2.10	1.61
Total	174.47	139.58	100.00	131.04	100.00

Analysis of the balance sheet

Analysis of capital employed

(Rs. cr)

Segment	2009-10 (15 months)		2008-09	
	Amount	% of total capital employed	Amount	% of total capital employed
Equity share capital	20.97	4.58	7.74	1.83
Reserves and surplus	134.39	29.34	89.31	21.14
Miscellaneous expenditure	(2.47)	(0.54)	–	–
Net worth	152.89	33.38	97.05	22.97
Loan funds	295.04	64.42	315.48	74.66
Deferred tax liability	10.03	2.20	10.03	2.37
Capital employed	457.96	100.00	422.56	100.00

Application of funds

Net worth

Net worth increased 57.54% from Rs. 97.05 cr in 2008-09 to Rs. 152.89 cr in 2009-10. Net worth, as a proportion of employed capital, increased from 22.97% to 33.38%.

Equity share capital: The equity share capital increased 170.93% from Rs. 7.74 cr in 2008-09 to Rs. 20.97 cr in 2009-10 owing to the issue of new equity shares to QIBs, the issue of equity shares upon conversion of convertible warrants and the bonus issue.

Reserves and surplus: Reserves and surplus increased from Rs. 89.31 cr in 2008-09 to Rs. 134.39 cr in 2009-10 on account of securities premium received against QIP issue and issue of the convertible warrants.

Loan funds

The total loan funds decreased 6.48% from Rs. 315.48 cr in 2008-09 to Rs. 295.04 cr in 2009-10. The external funds, as a proportion of total capital employed, decreased from 74.66% in 2008-09 to 64.42% in 2009-10. The gearing strengthened from 3.25 in 2008-09 to 1.93 in 2009-10.

Secured loans: The secured loans decreased 5.66% from Rs. 229.27 cr in 2008-09 to Rs. 216.30 cr in 2009-10 and comprised 73.31% of the total borrowed funds.

Unsecured loans: The unsecured loans decreased 8.66% from Rs. 86.21 cr in 2008-09 to Rs. 78.74 cr in 2009-10 and comprised 26.69% of the total borrowed funds.



The average cost of manpower/MW decreased from Rs. 22.38 lacs/MW in 2008-09 to Rs. 21.70 lacs/MW in 2009-10.

FINANCIAL REVIEW

Sources of funds

Gross block

The gross block of the Company increased 475.31% from Rs. 45.04 cr in 2008-09 to Rs. 259.12 cr in 2009-10 which led to an increase in depreciation by 374.30% from Rs. 2.10 cr in 2008-09 to Rs. 9.96 cr in 2009-10. The return on average gross block of the firm stood at 8.47% (EBIT for 15 months has been annualised) which would increase in coming years, as the current gross block position of the Company is sufficient to support capacity expansion of 120 MW from the current level of 40 MW in terms of utilities, infrastructure and buildings.

Working capital

The working capital requirement of the Company increased from Rs. 164.05 cr in 2008-09 to Rs. 182.99 cr in 2009-10, registering a growth of 11.54%. The current ratio of the firm during the year is 8.83.

Inventory: Inventory increased from Rs. 48.01 cr in 2008-09 to Rs. 69.68 cr in 2009-10. The

Company's inventory cycle increased from 111 days in 2008-09 to 177 days** in 2009-10. The higher inventory level of the Company was on account of delay in starting the cell and module lines at Falta and less capacity utilisation. Also, during March-April 2010, the manufacturing activity was disrupted due to frequent breakdowns accounting for higher inventory levels.

Debtors: The Company's debtors increased from Rs. 5.89 cr in 2008-09 to Rs. 20.29 cr in 2009-10. Its debtors' cycle increased from 14 days of turnover equivalent in 2008-09 to 39 days** in 2009-10 due to market slowdown.

At present only 9.04% of the total debtors of the Company are more than six months old.

The Company expects to improve its collections by adopting the policy of 100% advance in the sale of cells, selling the modules on CAD terms with an average realisation period of 25-30 days.

Loans and advances: Loans and advances decreased from Rs. 137.22 cr

in 2008-09 to Rs. 109.24 cr in 2009-10.

Cash-and-bank-balance: The Company's cash-and-bank balance decreased from Rs. 7.18 cr in 2008-09 to Rs. 7.16 cr in 2009-10.

Current liabilities and provisions

The total current liabilities and provisions decreased 46.49% from Rs. 34.25 cr in 2008-09 to Rs. 23.38 cr in 2009-10. Sundry creditors constituted 53.72% of the total current liabilities and provisions, decreasing from Rs. 15.36 cr in 2008-09 to Rs. 12.56 cr in 2009-10.

Taxation

Total tax provision decreased 99.51% from Rs. 6.22 cr in 2008-09 to Rs. 2.46 lacs (Rs.3.08 lacs for 15 months) in 2009-10 owing to a decline in profit before tax by 114.16% and non-applicability of income tax at Falta, SEZ.

*** Net sales for 15 months has been annualised for calculating the cycle days.*

RISK MANAGEMENT

1

Regulatory risk

Risk impact

The present cost per KWh of green power including upfront charges, exceeds the power cost supplied by the state electricity grid, making it imperative for governments to provide subsidies and economic incentives (feed-in tariffs, rebates, tax credits and other incentives to end users of photovoltaic system) to promote the use of solar energy in on-grid and off-grid applications.

Risk mitigation

- The Company concentrates on markets with established guidelines for solar PV market growth.
- The major part of the Company's sales are to European countries like Germany, France, Greece, Czech Republic and Italy, which enjoy guidelines for sectoral growth, tax concessions, subsidies and feed-in tariffs.
- In India, the government (central and state) introduced policies to promote the solar industry.

2

Raw material risk

Risk impact

The manufacture of solar photovoltaic cells requires solar-grade silicon wafers and other raw materials which constitute about 70-75% of the Company's manufacturing costs. Any increase in raw materials cost could impact the demand for solar photovoltaics. Also, the poly-silicon market is dominated by large players with the top ten suppliers accounting for 80% of the global supply. Thus, any impact to any of these players could affect supply in the global market.

Risk mitigation

- According to estimates, poly-silicon supply in 2010 is enough to meet a downstream production capacity of 17 GW; in 2011 it would be sufficient for 27 GW.
- The Company enjoys long-term relationships with various poly-silicon and wafer suppliers with room for negotiation.

RISK MANAGEMENT

3

Concentration risk

Risk impact

The solar industry is dominated by European countries and any downturn in these markets could impact industry growth. An excessive concentration of revenues from a particular location could affect margins.

Risk mitigation

- The Company has a presence in more than 17 countries.
- The Company aims to expand operations in the US and enter countries like Canada and Brazil, among other developing countries.

- With a growing domestic demand and government's focus on norms to procure products indigenously, sales are expected to increase for Indian players.

4

Manpower risk

Risk impact

The solar industry is technical and requires talented professionals. The non-availability of skilled individuals could impact productivity and quality.

Risk mitigation

- The Company recruits qualified engineers at the entry level and trains them regularly.
- The Company also sends managers to international conferences for skill upgradation through market awareness

and training programmes.

- The Company's research team is also in touch with international research-based organisations for amassing enhanced technology knowledge.

5

Competition risk

Risk impact

The solar photovoltaic market is growing. Growing competition could result in a decline in market share and margins

Risk mitigation

- The demand growth for solar cells is higher than supply with the industry growing at an average 35% in 10 years.
- The Company's product and process certifications ensure its leading position

among organised players in the international market.

- New industry entrants need to invest considerable time in process stabilisation, obtaining necessary certifications as well as for market development.



Demand risk

Risk impact

The solar power industry is dependent on global economic conditions. Any slowdown in the economy may adversely affect demand. The demand for solar photovoltaics is seasonal

marked by a decline in demand in countries that experience snowfall in winter.

Risk mitigation

- The economic conditions in all major

countries are recovering.

- The growth in the domestic market would tend to address the problems related to seasonality as India enjoys more than 300 sunny days a year.



Technology risk

Risk impact

The solar photovoltaics market is growing and undergoing technological advancement. If the Company is unable to invest in Research and

Development to upgrade products then it is likely to lose market share.

Risk mitigation

- The Company's proposed tie-up with

the international research-based organisation will make it possible to upgrade to new technologies.

- The Company's research team keeps abreast process modernisation.



Project implementation risk

Risk impact

Any delays in project implementation could lead to a slowdown in payback and opportunity loss.

Risk mitigation

- The Company's operations are supported by a consortium of eight bankers, resulting in easy funding and opportunity maximisation.
- The Company's long-term

relationships with suppliers also reduce prospects of delay due to raw material non-availability.

- The Company has ready infrastructure that is enough to support expansion up to 120 MW.



Foreign exchange risk

Risk impact

The primary raw material (silicon) needs to be imported. The Company is primarily export-oriented. Therefore, the Company's funds are exposed to foreign exchange fluctuations.

Risk mitigation

- The Company primarily deals in Euro and Dollar. Around 90% of the imports contracts are through Dollar and the rest in Euro. Whereas for exports 90% of the contracts are in Euro and the rest in Dollar. Thus, any

fluctuation in any one of the exchange rates is hedged by an opposite fluctuation in the other.

- The Company enters into forward contracts to cover about 20-25% of the contract value when the Euro is favourable.

DIRECTORS' REPORT

Dear members

Your Directors are pleased to present the Twentieth Annual Report and the Audited Accounts for the financial year ended 30th June, 2010.

Financial Results

(Rs. in lacs)

	2009-10	2008-09
Total Income	17149.30	14782.29
Total Expenditure	14294.74	11937.07
Profit before interest, depreciation & tax	2854.56	2845.22
Less : Interest	1906.96	956.89
Depreciation	1244.68	209.94
Profit/Loss Before Tax	(297.08)	1678.39
Less : Provision for -		
- Taxation (incl for earlier years and FBT)	(3.08)	385.76
- Doubtful Debts	–	–
- Deferred Tax	–	236.72
	(300.16)	1055.91
Add : Excess I. T. provision written back	–	–
Deferred Tax written back	–	–
Profit After Tax	(300.16)	1055.91
Less : Dividend (including dividend tax)	–	90.54
Net Deficit for the year	(300.16)	965.37
Add : Balance brought forward from previous year	2890.43	1925.06
Balance Carried to Balance Sheet	2590.27	2890.43

Business and Performance

India, an emerging economy, has witnessed unprecedented levels of economic expansion, along with countries like China, Russia, Mexico and Brazil. India, being a cost effective and labor intensive economy, has benefited immensely from a strong

manufacturing and export oriented industrial framework. With the economic pace picking up, global commodity prices have also staged a comeback from their lows.

In the past few years, solar power has taken centre-stage globally as an alternate energy source. The past few months,



however, have been a dampener in terms of investment flows into the sector because of the global recession. But with China and India, the two most attractive markets for solar capacity build-outs, setting ambitious targets for the next decade, the sector is definitely poised for a fresh beginning.

Your company being a pioneer in the industry of manufacturing of photovoltaic cells and modules, strives to transcend all hurdles for noting down remarkable growth. The last financial year of your Company, which was of fifteen months and ended on 30th June' 2010, saw many events, the major amongst them being the start of state of the art manufacturing facility at Falta SEZ, West Bengal. The turnover of your company for the last financial year was Rs.14961.87 lacs as against Rs.13911.51 lacs in 2008-09. Despite the increase in the quantitative terms, the turnover was low mainly because of the decrease in the selling prices of finished goods in absolute terms. However, your company posted a loss in the last financial year, which can be viewed as a temporary phase, and was mainly due to fall in the prices of SPV cells and modules globally, weakening of euro vis-a-vis dollar and higher depreciation and interest costs.

Solar power, which is counted among one of the major environment-friendly sources of energy, has a number of positives and negatives. One of the most prominent advantages of solar power is that it can be renewed. With government support to boost the growth of solar industry the revival of smooth market conditions is warranted. The announcement of Jawaharlal Nehru mission by the Govt. of India with a target of setting up of 20 GW of solar PV plants by 2020 has given a further boost to the industry and domestic demand is also expected to pick – up.

Expansion Capacity

With the solar industry attracting business majors and neck cut competition, companies are on the tread for capacity expansion. In the present business scenario, volume based business has become a necessity to survive. During the last year your

Company successfully commenced the commercial production of 30 MW SPV Cells and Modules at its new state of the art manufacturing facility at Falta SEZ, West Bengal. Your company is further adding to the existing capacities in order to be economical in terms of cost given the fact that your company already has adequate infrastructure and facilities for expanding the installed capacity upto 90 – 120 MW.

Qualified Institutional Placement (QIP) and Preferential Allotments

During the year under review your Company has raised capital of Rs.45.40 cr. by way of QIP and further Preferential Warrants, convertible into equity shares, was also issued to the Promoter and Strategic Investor, amounting to Rs.30.00 cr. These funds were raised to augment the Working Capital requirements of the Company as well as to repay its debt obligations and strengthen the capital base.

Dividend

Considering the performance of your Company in the period under review and the ongoing expansion process, the Board of Directors of your company have not recommended any dividend for the last financial year.

Directors

According to provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S.K. Pal and Mr. S.P. Bangur retire by rotation and being eligible offer themselves for re-appointment. The Board considered that their re-appointment will be most beneficial to the Company and hence recommends adoption of the resolutions.

Mr. Sameer Agarwal was appointed as an Additional Director and he will hold office as such till the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of the said Additional Director for the office of Director of the Company.

Auditors

M/s. Agarwal Sangneria & Co., Chartered Accountants, the Auditors of the Company retire pursuant to section 224 of the Companies Act, 1956 and being eligible offer themselves for re-appointment. Necessary certificate under Section 224(1B) of the Companies Act, 1956 has been received from the retiring Auditors confirming their eligibility and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

Auditors' Report

The notes to the Accounts referred to the Auditors Report are self explanatory and therefore, do not call for any further comments.

Directors' Responsibility Statement

We, the Directors of the Company, hereby confirm, pursuant to provisions of section 217 (2AA) of the Companies Act, 1956, in respect of financial year under review:

- i) that in the preparation of the Annual Accounts for the financial year ended 30th June 2010, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) that we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at 30th June 2010 and of the Loss of the Company for that period;
- iii) that we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing, and detecting fraud and other irregularities.
- iv) that we have prepared the annual accounts on a "going concern" basis.

Registered Office:
Plot No. N1, Block – GP,
Sector – V, Salt Lake
Electronics Complex,
Kolkata – 700 091.

Date: 30th August 2010
Place: Kolkata

Listing of Securities in Stock Exchanges

The shares of the Company are listed on Bombay and National Stock Exchange.

Corporate Governance

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance along with a certificate from Auditors of the Company regarding Compliance of Conditions of Corporate Governance, certification by CEO and the Management Discussion & Analysis Report and are given in the enclosed Annexure - B, which forms part of this Report.

Industrial Relations

The industrial relation during the last financial year had been cordial. The Directors take on record the dedicated services and significant efforts made by the Officers, Staff and Workers towards the progress of the Company.

Energy, Technology & Foreign Exchange

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure –A, which forms part of this report.

Particulars of Employees

During the year under review none of the employees was in receipt of remuneration in excess of the amount prescribed under Section 217(2A) of The Companies Act, 1956.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork, exemplary professionalism and enthusiastic contribution during the year under review.

By Order of the Board,
For **WEBSOL ENERGY SYSTEMS LTD.**

S. L. Agarwal
Managing Director

S. Vasanthi
Director

ANNEXURE – “A” TO THE DIRECTOR’S REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors’ Report for the year ended 31st March 2008.

A. Conservation of Energy

The Company has taken adequate steps to ensure comparatively low energy consumption. Constant studies and reference are being made to improve the efficiency in consumption of energy.

B. Technology Absorption.

1. Research and Development (R&D)

Research and Development is spread across the business of our company. Though no specific expenditure is made under the head R & D, constant development efforts are made to increase the efficiency and for cost reduction.

2. Technology Absorption, Adoption & Innovation.

The Company has fully absorbed the technology to manufacture Solar Photovoltaic Cells, Modules and Systems.

3. Information regarding Imported Technology

(a) Technology Imported	: The technology to manufacture Solar Photovoltaic Cells, Modules and Systems has been imported from Helios Technology, Italy.
(b) Year of Import	: 1994-1995.
(c) Has technology been fully absorbed	: Yes, fully absorbed.
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action.	: Not Applicable.

(C) Foreign Exchange Earnings and Outgo

(Rs. in lacs)

Particulars	30.06.2010	31.03.2009
(a) Foreign Exchange earnings of the Company	15316.45	14289.78
(b) Foreign Exchange Outgo		
(i) C. I. F value of import of raw materials. Components, Spare parts and Capital Goods.	19653.83	20298.31
(ii) Others	494.30	361.72

By Order of the Board,
For WEBSOL ENERGY SYSTEMS LTD.

Date: 30th August 2010
Place: Kolkata

S. L. Agarwal
Managing Director

S. Vasanthi
Director

WEBSOL ENERGY SYSTEMS LTD.
(Formerly Webel SL Energy Systems Limited)

ANNEXURE – “B” TO THE DIRECTOR’S REPORT

Corporate Governance

The Company in terms of Clause 49 of the Listing Agreement with the Stock Exchanges continuously follows the procedure of Corporate Governance for ensuring and protecting the rights of its shareholders by means of transparency, integrity, accountability, trusteeship and checks at the different levels of the management of the Company.

1. Board Of Directors

The Board of Directors of the Company has optimum combination of Executive & Non-Executive Directors as detailed hereunder:

a) The composition and category of Directors :

Name of the Directors	Category
Mr. S. L Agarwal	Executive – Managing Director-Promoter - CEO
Mrs. S. Vasanthi	Executive – Technical & Marketing Director
Mr. S. K. Pal	Non-Executive Director - Independent
Mr. O. P. Agarwal	Non-Executive Director - Independent
Mr. S. P. Bangur	Non-Executive Director – Independent

b) Attendance of each Director at the Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies:

Name of the Director	Attendance Particulars		Number of other Directorship and Committee membership / Chairmanship		
	Board	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. S. L Agarwal	15	Present	1	–	–
Mrs. S. Vasanthi	16	Absent	–	–	–
Mr. S. K. Pal	16	Present	2	3	2
Mr. O. P. Agarwal	15	Present	1	1	1
Mr. S. P Bangur	05	Present	3	2	–

During the year ended 30th June 2010, 16 (Sixteen) Board meetings were held on 17.04.2009, 23.04.2009, 30.05.2009, 30.06.2009, 31.07.2009, 03.08.2009, 06.08.2009, 12.08.2009, 14.08.2009, 07.09.2009, 31.10.2009, 31.12.2009, 30.01.2010, 31.03.2010, 15.04.2010 and 12.05.2010.

2. Code Of Conduct :

The Company has framed Code of Conduct for the Directors and Senior Management of the Company. The Code of Conduct is displayed on the Website of the Company, www.webelsolar.com. The Directors and Senior Management have affirmed compliance of the said Code of Conduct as on 30th June, 2010.

3. Audit Committee :

The Audit Committee is entrusted with review of quarterly and annual financial statements before submission to the Board, review of observations of auditors and to ensure compliance of internal control systems, authority for investigation and access to full information and external professional advice for discharge of the functions delegated to the Committee by the Board. The role of Audit Committee, inter alia, includes:

- (a) Review of the Company's financial reporting process, the financial statements and financial/risk management policies ;
- (b) Review of the adequacy of the internal control systems ;
- (c) Discussions with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.

Composition: The Audit Committee presently comprises of Mr. S. K. Pal, Mr. O. P. Agarwal and Mr. S. P. Bangur. Mr. S. K. Pal is the Chairman of the Audit Committee. All the members of the Audit Committee possess financial / accounting expertise / exposure. The composition of the Audit Committee meets with the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Mr. Nitin Didwania is the Secretary to the Audit Committee. The Audit Committee meetings are usually held at Company's Registered Office and attended by members of the Committee and other Accounts Heads. The representative of the Statutory Auditors is also invited in the meeting as and when required.

During the period under review five Audit Committee meetings were held on 30.06.2009, 31.07.2009, 31.10.2009,

30.01.2010 and 12.05.2010. The composition of the Audit Committee and attendance of its meetings are given below:

Constitution	No. of Meetings held	Attended
Mr. S. K. Pal Non-Executive-Independent-Chairman	5	5
Mr. O. P. Agarwal Non-Executive-Independent	5	5
Mr. S. P. Bangur Non-Executive-Independent	5	2

The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

4. Remuneration Committee:

Composition: The Remuneration Committee of the Board comprises three Independent Directors, namely Mr. O. P. Agarwal, Mr. S.K. Pal and Mr. S. P. Bangur. Mr. O. P. Agarwal is the Chairman of the committee. The Committee was re-constituted during the year and Mr. S.K. Pal was included as the member of the Remuneration Committee.

Terms of Reference: The Remuneration Committee is authorised to recommend / review the remuneration of Managing and Wholetime Directors.

Meetings: During the year under review, no Remuneration Committee meeting was held.

Remuneration Policy, details of remuneration and other terms of appointment of Directors:

The Company follows the policy to fix the remuneration of Managing and Whole Time Director(s) by taking into account the financial position of the Company, trend in the industry, qualification, experience, past performance and past remuneration of the respective director in a manner to strike a balance between the interest of the Company and its shareholders.

Remuneration to Directors:

The statement of the remuneration paid /payable to the Managing & Whole-time Director(s) and Sitting Fees paid/ payable to Non-Executive Directors is given below:-

Name of Director	Remuneration paid / payable for 2009 -10			Service Contract		
	Salary (Rs)	Benefits (Rs)	Sitting Fees (Rs)	Pay Scale – per month (Rs)	Period	Effective from
Mr. S.L. Agarwal	6,00,000/-	48,000/-	–	50,000/-	5yrs	01.09.2007
Mrs. S. Vasanthi	2,94,000/-	8,400/-	–	17,500 -700-21,000/-	5yrs	01.03.2007
Mr. S. K. Pal	–	–	74,000/-	–	–	–
Mr. O. P. Agarwal	–	–	72,000/-	–	–	–
Mr. S. P. Bangur	–	–	40,000/-	–	–	–

Note: The appointment/ agreement of Managing / Whole-time Directors can be terminated by giving three months notice in writing by either party.

The Non- Executive Directors are paid sitting fees of Rs. 2000/- per meeting for attending each meeting of the Board and / or Committee thereof. There were no other pecuniary relationships or transactions of the Non- Executive Directors vis-à-vis the Company.

5. Share Transfer Committee

Composition: The Share Transfer Committee of the Company comprises three Non – Executive Independent Directors, namely Mr. O. P. Agarwal, Mr. S. K. Pal and Mr. S. P. Bangur. Mr. O. P. Agarwal is acting as Chairman of the Committee. Mr. Nitin Didwania is the Secretary and Compliance Officer of the Committee.

Terms of Reference: The Share Transfer Committee generally meets once in a month and is entrusted with transfer / transmission of shares, issue of duplicate share certificates, change of name / status, transposition of names, sub-division / consolidation of share certificates, dematerialisation / rematerialisation of shares, etc.

6. Shareholders' / Investors' Grievance Committee

Composition: Shareholders'/ Investors' Grievance Committee comprises of non-executive independent members viz., Mr. S. K. Pal, Mr. O. P. Agarwal and Mr. S. P. Bangur. Mr. S. K. Pal is the Chairman of the Committee. Mr. Nitin Didwania is Secretary of the Committee and also Compliance Officer.

Terms of Reference: The Committee looks into redressing the shareholder's and investor's grievances like transfer of shares, non receipt of Balance Sheet, etc.

Compliance Officer:

Mr. Nitin Didwania, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI regulations and the Listing Agreements with the Stock Exchanges in India.

Investor Grievance Redressal:

41 Nos. of members' complaints / queries were received during the period under review and no complaints/ Queries was pending as on 30.06.2010. No request for transfer was pending for more than 30 days as on 30.06.2010.

Procedure of Committee Meetings

The Company's guidelines relating to Board Meetings are applicable to Committee meetings as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee meetings are placed before the Board Meetings for perusal and noting.

Shares Held by Non-Executive Directors

Sl. No	Name	No. of Shares
1.	Mr. S. K. Pal	NIL
2.	Mr. O. P. Agarwal	NIL
3.	Mr. S. P. Bangur	112

Additional Information on Directors Seeking Appointment / Re-Appointment at The Ensuing Annual General Meeting

(Pursuant to Clause 49VI(A) of Listing Agreement with Stock Exchanges)

Mr. Sameer Agarwal aged 36 years was appointed as the Additional Director on the Board of the Company w.e.f. 1st September 2010. He has over 10 years of experience in Finance and Administrative Controls. He has an edge towards Corporate Strategy formulation and Management Consulting. Appointment of Mr. Sameer Agarwal will add to the sustainable growth of the Company and also add value to the overall structure of the Company.

Mr. Sameer Agarwal manages and formulates corporate strategy. He is also engaged in defining the corporate vision and goals of Websol Energy Systems Limited. He plays a strategic role in the areas of finance.

The details of Directorship in other Companies are as follows:

Name of Companies	Nature of Interest
S. L. Industries Pvt. Ltd.	Director
C. L. Developers Pvt. Ltd	Director
C. L. Enterprises Pvt. Ltd.	Director
Contai Golden Hatcheries (E) P. Ltd.	Director
Sakthi Consultants Pvt. Ltd.	Director
Shalimar Hatcheries Ltd.	Director
West Wood Marketing Pvt. Ltd.	Director
Sona Vets Pvt. Ltd.	Director
Shalimar Pellet Feeds Ltd.	Director

Mr. S.K. Pal, has been on the board of the Company in the capacity of non executive independent director since April 28, 2003 and he is also the Chairman of Audit Committee of the Company. Presently, he is a retired professional engaged as financial adviser and controller for different companies His long association with the business world has made him achieve vast knowledge and expertise in the field of accounts and finance.

The details of Directorship in other Companies are as follows:

Name of Companies	Nature of Interest
Balasure Alloys Limited	Director
Green Ply Industries limited	Director

Mr. S.P Bangur has been on the board of the Company in the capacity of non executive independent director since December, 30, 2005. He is a graduate from Calcutta University and has 28 years of profound knowledge in the field of finance and general administration.

The details of Directorship in other Companies are as follows:

Name of Companies	Nature of Interest
R.D.D. Paper Plast Pvt. Limited	Director
Shreyans Paperplast Pvt. Limited	Director
Mani Packaging Pvt. Limited	Director

General Body Meetings

Location and time of Annual General Meeting held in last three years:

Year Time	Type	Date	Venue
2008-09 11:00 A.M.	A.G.M.	30.09.2009	Hotel Indi Smart, The Tower X -1, 8/3, Block - EP Sector - V Salt Lake Electronics Complex, Kolkata – 700 091
2007-08 11:00 A.M.	A.G.M.	27.09.2008	Rang Durbar Hall, Swabhumi The Heritage, Plaza, 89C, Moulana Abul Kalam Azad Sarani Eastern Bypass Connector, Kolkata – 700 054
2006-07 10.30 A.M.	A.G.M.	28.09.2007	‘International Tower’ Crystal Room, X-1, 8/3, Block – EP , Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091.

Notes:

- 1) All resolutions moved at the last Annual General Meeting were passed by show of hands unanimously by all the members present at the meeting.
- 2) No business proposed to be transacted at the last Annual General Meeting was required to be passed by postal Ballot in terms of Company's (Passing of the resolution by Postal Ballot) Rules, 2001.

Disclosures

a. Disclosures on materially significant related party transactions i. e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes on Accounts – Schedule 21, forming part of the Annual Report.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or

Securities and Exchange Board of India or any Statutory Authority, on any matter related to the capital markets, during the last three years.

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or any other Statutory Authority related to the capital markets during last three years. No penalty or strictures have been imposed by them on the Company.

c. Accounting Treatment in preparation of financial statement:

The Company has followed the guidelines of Accounting Standards as prescribed by the Institute of Chartered Accountants of India in preparation of financial statement.

d. Subsidiary Company :

The Company does not have any material non-listed Indian Subsidiary as defined in Clause 49 of the Listing Agreement.

e. Risk Management :

The Company has identified risk involved in respect to its products, quality, cost, location and finance. It has also adopted the procedures / policies to minimise the risk and the same are reviewed and revised as per the needs to minimise and control the risk.

f. CEO / CFO certification:

The CEO / CFO certification as required under Clause 49 is annexed hereto which forms part of this report.

g. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report as required under Clause 49 is annexed hereto which forms part of this report.

Means of Communication

(a) Quarterly Results: The un-audited financial results on quarterly basis and limited review by the auditors in the prescribed format are supposed to be taken on record by the Board of Director at its meeting within forty – five days of the close of every quarter and the same are to be furnished to all the stock Exchanges where the Company's shares are listed. The results are also required to be published within 48 hours in the Newspapers. The Company, in compliance of the requirements, has furnished the same to the Stock Exchanges within the

prescribed time. The results are also published in the Newspapers viz. The Economic Times / Business Standard / DNA and Kalantar / Pratidin / Arthik Lipi in Bengali (local) language.

(b) Website: The Company's website www.webelsolar.com contains a separate dedicated section "Investor Relations" where shareholders information is available. The Annual Report of the Company is also available on the website in a user – friendly and downloadable form.

(c) Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other useful information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report and is displayed on the Company's website.

(d) Corporate Filing and Dissemination System (CFDS): The CFDS portal jointly owned, managed and maintained by the BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock exchanges.

(e) Designated Exclusive E-mail ID: The Company has designated the following email-id exclusively for investor servicing: investors@webelsolar.com

General Informations For Members:

a. Annual General Meeting (Date, Time & Venue)	: Date : 29.12.2010 Time : 11.00 A. M. Venue: Gyan Manch, 11, Pretoria Street, Kolkata – 700 071
b. Dividend payment	: Directors have not recommended any dividend for the Financial Year ended on 30.6.2010.
c. Date of Book Closure	: 24th to 29th December 2010
d. Financial year	: April, 2009 – June, 2010

- e. Listing : Shares of your Company are listed on Bombay and National Stock Exchanges The name and address of the Stock Exchanges and the Company's Stock Code are given below.
- Bombay Stock Exchange Limited, 25, P. J. Towers, Dalal Street, Mumbai 400 001.
- Stock Code : 517498
- National Stock Exchange of India Ltd.
- Exchange Plaza, 5th floor, Plot No. C/1, 'G' Block,
Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051.
- Stock Code: WEBELSOLAR
- f. Market price Data : Monthly High and Low quotation of shares traded during the Last Financial Year at the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) is given hereunder :

Month	BSE		NSE	
	High	Low	High	Low
April, 09	138.40	60.75	135.00	60.50
May'09	154.50	105.50	147.80	100.20
June'09	181.55	142.00	182.00	141.50
July'09	242.95	146.00	245.00	145.00
Aug.'09	333.00	218.00	333.30	225.00
Sept.'09	352.00	312.00	350.95	306.00
Oct.'09	377.00	310.00	379.00	309.95
Nov.'09	403.20	247.10	402.80	247.00
Dec.'09	376.00	165.50	371.05	164.10
Jan.'10	170.00	133.05	173.80	133.50
Feb.'10	144.40	123.50	144.00	121.05
March'10	163.95	122.00	163.80	121.10
April'10	169.75	126.00	167.90	126.00
May'10	154.05	119.60	154.95	119.25
June'10	155.50	120.20	155.80	119.40

- g. Performance in comparison : Comparison with broad based indices such as BSE Sensex / with BSE Sensex / CRISIL etc.
The Company's closing share prices at the Bombay Stock Exchange Ltd (BSE) are given hereunder:
On 01st April'2009 : Rs.74.45 per share
On 30th June'2010 : Rs.152.50 per share (Ex-bonus)
Change : (+) 104.83%
Indices (BSE Sensex) on Closing Basis:
On 01st April'2009 : 9,901.09
On 30th June'2010 : 17,700.90
Change : (+) 78.77%
- h. Registrar and Transfer Agent: M/s. R & D Infotech Pvt. Ltd.
22/4, Nakuleshwar Battacharjee Lane, Ground Floor, Kolkata -700 026.
Phone: (033) 2463 1657, Fax : (033) 2463 1658, Email: rd.infotech@vsnl.net
- i. Shares Transfer System : Share Transfer System is entrusted to the Registrar and Share Transfer Agents. Transfer Committee is empowered to approve the Share transfers. Transfer Committee Meeting is held as and when required. The Share Transfer issues of duplicate certificate etc are endorsed by Directors / Executives / Officers as may be authorized by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrars within 30 days.

j. Distribution of Share:

Holding As on 30.06.2010

No. of Shares Held		Shareholders		Shares	
From	To	Number	% to total holders	Number	% to Total Capital
1	500	8506	88.246%	1253979	5.98%
501	1,000	568	5.893%	455465	2.17%
1,001	2,000	264	2.739%	414044	1.97%
2,001	3,000	90	0.934%	226629	1.08%
3,001	4,000	35	0.363%	129308	0.62%
4,001	5,000	24	0.249%	111687	0.53%
5,001	10,000	62	0.643%	446556	2.13%
10,001	50,000	61	0.633%	1303133	6.21%
50,001	1,00,000	10	0.104%	824622	3.93%
1,00,001	And above	19	0.197%	15807643	75.37%
Total		9639	100.00%	20973066	100.00%

k. Share Holding Pattern as on 30.06.2010:

Holding As on 30.06.2010

Sl. No.	Category	No. of Shares Held	% of Holding
1	Promoters & Associates	7001534	33.38%
2	Mutual Funds and UTI	868424	4.14%
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt, Institutions, Govt. Institutions)	40	0.00%
4	FII's	6087678	29.03%
5	Private Corporate Bodies	2478183	11.82%
6	Indian Public	3850770	18.36%
7	NRIs / OCBs	686437	3.27%
Total		20973066	100.00%

- k. Dematerialisation of Shares : 81.14% and 5.70% of the total equity share capital are held in dematerialised form with National Securities Depository Ltd. and Central Depository Services (India) Ltd., respectively as on 30.06.2010
- l. Outstanding Instruments : During the year the Company has issued and allotted 20,00,000 Equity Shares of Rs 10/- each by way of QIP and 20,00,000 Convertible warrants to Promoter and other Strategic Investor, with each warrant being convertible into one equity share of Rs. 10/- each at a premium of Rs. 65/- per share (post bonus) within a period of 18 months from the date of its allotment. Further during the year Bonus issue was made by the company in the ratio of 1:1. The no. of warrants still pending conversion, post Bonus, is 25,04,000 warrants which are due to be converted on or before February 2011. It will impact the paid-up capital to the extent as and when the remaining option is exercised.
- m.. Plant Location : **Unit** **Address**
Falta SEZ Unit Sector – II, Falta Special Economic Zone, Falta, 24 Pgs. (South),
PIN – 743504, W.B. (India)
- n. Address for Correspondence : Websol Energy Systems Ltd.
Plot – N1, Block -GP, Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091.
Phone Nos. (033) 2357-3259 / 3754, Fax Nos. (033) 2357-1055
E-Mail: info@webelsolar.com, Website: www.webelsolar.com

WEBSOL ENERGY SYSTEMS LTD.
(Formerly Webel SL Energy Systems Limited)

CERTIFICATION BY MANAGING DIRECTOR – CHIEF EXECUTIVE OFFICER AND CHIEF OF FINANCE OF THE COMPANY

The Board of Directors,

M/s. Websol Energy Systems Ltd.

Plot – N1, Block -GP, Sector – V, Salt Lake Electronics Complex
Kolkata – 700 091.

Dear Sirs,

In terms of Clause 49 of the Standard Listing Agreement, we, S. L. Agarwal, Managing Director - CEO and Nitin Didwania - Chief of Finance, Certify that:

1. We have reviewed financial statements and the cash flow statements for the financial year ended 30th June 2010 and to our best of knowledge, belief and information –
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
 - ii) these statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To our best of knowledge, belief and information, no transaction entered into by the Company during the financial year ended 30th June 2010 are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls which we are aware and we have taken and propose to take requisite steps to rectify the deficiencies, if any.
4. We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control during the financial year ;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
5. We have not come across any instances of significant fraud committed by the management or an employee having significant role in the Company's internal control system.

We further declare that all the Board members and Senior management personnel have affirmed compliance of Code of Conduct for the year ended 30th June 2010:

Sd/-

Sd/-

Place : Kolkata

Date : 30.08.2010

S L Agarwal
Managing Director

Nitin Didwania
Chief of Finance

CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

This is to state that the Company has duly adopted a Code of Conduct in the meeting of the Board of Directors held on 30th August 2010. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declarations from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended 30th June 2010.

Kolkata

Date: 30.08.2010

S.L. Agarwal

(Managing Director & CEO)

AUDITORS' REPORT

To The Members of
WEBSOL ENERGY SYSTEMS LIMITED

We have audited the attached Balance sheet of **WEBSOL ENERGY SYSTEMS LIMITED** as at 30th June, 2010, the Profit and Loss Account and also the Cash Flow Statement for the fifteen months period ended on that date together with the notes and schedules thereon annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. With these comments we report that:

1. The Balance Sheet of the said Company as at 30th June, 2010 signed by us under reference to this report and the annexed Profit and Loss Account and the Cash Flow Statement are in agreement with the books of account.
2. Further to our comments in the Annexure referred to in Paragraph 3 below :
 - 2.1 In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement subject to and read with notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956 and give a true and fair view :
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 30th June 2010;
 - b) in the case of the Profit & Loss Account of the Loss

of the Company for the fifteen months period ended on that date; and

- c) in the case of the Cash Flow Statement, of the cash flow of the Company for the fifteen months period ended on that date.
- 2.2 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books.
- 2.3 In our opinion, these accounts have been prepared in compliance with the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 except as otherwise mentioned in the accounts and notes thereon.
- 2.4 On the basis of the information and explanations given by the management, we report that none of the Directors is disqualified as on the date of the Balance Sheet under report from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government under section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and the records of the Company as we considered appropriate and as per the information and explanations given to us during the course of our Audit, we set out in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

For **Agarwal Sangneria & Co.**
Chartered Accountants

P. K. Agarwal
Partner

Kolkata
Dated: 30th August, 2010

C.A. Membership No-53496
Firm Regn. No. 317224E

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the members of Websol Energy Systems Limited for the period ended 30th June, 2010

- | | |
|--|---|
| <p>i) The Fixed Assets records of the Company are incomplete and are being currently updated to show full particulars including quantitative details and situation thereof. The Fixed Assets of the Company have been physically verified during the year by the management and any discrepancies between the book records and the physical inventory can be determined on updating of the book records. During the year under report, the Company has not disposed off any substantial part of its Fixed Assets.</p> <p>ii) The Inventories of the Company consisting of stocks of finished goods, work-in-progress, stores, spare parts and raw materials have been physically verified by the management at regular intervals during the period. The discrepancies between the physical stocks and book stocks which were not material have been properly dealt with in the books of account. The Company is maintaining proper records of the Inventories. In our opinion, the frequency of physical verification is reasonable. The procedure of physical verification followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>iii) The Company has not granted secured or unsecured loan to any party covered under section 301 of the Companies Act, 1956. The Company had taken unsecured loans from Companies covered in the register maintained under section 301 of the Companies Act, 1956 which were repaid during the period and hence there was no balance outstanding as at the date of the Balance Sheet. The rate of interest and other terms and conditions of the Loan taken by the Company are not prima facie prejudicial to the interest of the Company. The payment of principle and interest was also regular as per terms of the loan taken.</p> <p>iv) In our opinion, and according to the information and explanations given to us, there are adequate internal</p> | <p>control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, and with regards to sale of goods. During the course of our audit, we have not come across any continuing failure to correct major weaknesses in internal controls.</p> <p>v) According to the information and explanations given to us, we are of the opinion that the Company has not entered into any transaction for the sale, purchase or supply of any goods, materials or services that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence, the question of their being entered into the said register does not arise.</p> <p>vi) As far as we have been able to ascertain, the Company has not accepted any deposits from the public, hence the question of complying with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.</p> <p>vii) The Company does not have a formal internal audit system. However, it was observed that all transactions are carried out under the personal supervision of senior officials and/or the Managing Director of the Company.</p> <p>viii) The rules regarding the maintenance of cost records are not applicable to the Company.</p> <p>ix) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it. As per the information and explanations given to us no undisputed amount in respect of the abovementioned statutory dues were outstanding as at 30th June, 2010 for a period of more than six months from the date they became payable and there are no such statutory dues which have not been deposited on</p> |
|--|---|

account of any dispute except the following :

Act	Nature of dues	Forum where dispute is pending	Amount (₹ in Lacs)	Remarks
Central Excise Act, 1944	Excise Duty	High Court at Kolkata	216.55	The Company has paid ₹ 100.00 Lacs against this demand
Central Excise Act, 1944	Excise Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal	114.24	
Central Excise Act, 1944	Excise Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal	6.55	
Central Excise Act, 1944	Excise Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal	357.54	
Central Excise Act, 1944	Excise Duty & Penalty	Commissioner - Appeals	7.05	
Central Excise Act, 1944	Excise Duty & Penalty	Commissioner - Appeals	30.73	
Central Excise Act, 1944	Excise Duty & Penalty	Commissioner - Appeals	7.04	

- x) The Company does not have accumulated losses as on the date of the Balance Sheet under report and has not incurred any cash losses during the fifteen months period covered by audit as well as during the immediately preceding financial year.
- xi) The Company does neither have any dues payable to financial institutions nor does it have any debentures. In respect of dues of Term Loan taken from Bank, the Company has not defaulted on scheduled repayment thereof during the year under report.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, hence the question of maintenance of records therefor does not arise.
- xiii) The Company is not a chit fund or a nidhi/mutual fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
- xiv) The Company is not dealing in Shares and Securities, but has an investment in unquoted Equity shares of certain Companies and also ordinary shares of erstwhile Joint Venture Company situated at Singapore. Proper records

have been maintained by the Company for such acquisitions and as reported timely entries have been made therein. The said shares have been held by the in its own name as on the date the balance sheet under consideration.

- xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions, hence the question of terms and conditions whereof being prejudicial to the interest of the Company does not arise.
- xvi) During the period under audit, the Company has not raised any new term loan from a Bank.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that no funds raised for short term basis have been used for long term investment.
- xviii) The Company has made preferential allotment of shares to a Promoter Group Company being a Company covered in the Register maintained under section 301 of the Act and also to a Strategic Investor and in our opinion the price at which shares have been issued was not prejudicial to the interest of the Company.
- xix) The Company has not issued any debentures, hence, the question of creating securities there against does not arise.
- xx) The Company has raised money by way of Qualified Institutional Placement of fresh Equity Shares during the period under report. The end use of proceeds thereof has been disclosed by the management in schedule of notes on accounts (Schedule 21-note no.10). Such use has been verified by us with reference to the books of accounts of the Company.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Agarwal Sangneria & Co.**
Chartered Accountants

P. K. Agarwal
Partner

Kolkata
Dated: 30th August, 2010

C.A. Membership No-53496
Firm Regn. No. 317224E

BALANCE SHEET as at 30th June, 2010

(₹ in Lacs)

	Schedule	As at 30.06.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	2,097.31	773.85
Reserves & Surplus	2	13,439.27	8,931.38
Total Shareholders Fund		15,536.58	9,705.23
Loan Funds			
Secured Loans	3	21,629.66	22,927.31
Unsecured Loans	4	7,874.16	8,620.58
Total Loan Funds		29,503.82	31,547.89
Deferred Tax Liabilities		1,003.21	1,003.21
Total Funds Employed		46,043.61	42,256.33
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	25,911.65	4,503.77
Less : Depreciation		2,429.24	1,185.12
Net Block		23,482.41	3,318.65
Capital Work in Progress	6	502.78	19,020.04
Investments	7	3,512.58	3,512.58
Current Assets, Loans and Advances			
Inventories	8	6,968.48	4,800.90
Sundry Debtors	9	2,029.04	589.22
Cash & Bank Balances	10	715.86	718.39
Loans & Advances	11	10,923.79	13,721.58
		20,637.17	19,830.09
Less : Current Liabilities and Provisions	12		
Current Liabilities		1,783.28	2,270.88
Provisions		554.74	1,154.15
		2,338.02	3,425.03
Net Current Assets		18,299.15	16,405.06
Miscellaneous Expenditure		246.69	–
(To the extent not written off or adjusted)			
Total Assets (Net)		46,043.61	42,256.33
Notes on Accounts	21		

This is the Balance Sheet referred to in our report of even date

The Schedules referred to above and the attached notes form part of the Balance Sheet

For **Agarwal Sangneria & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Agarwal
Partner
Membership No. 53496
Firm Regn. No.317224E
Kolkata: 30th August, 2010

S. L. Agarwal
Managing Director

S. Vasanthi
Director (Technical & Marketing)

N. Didwania
Company Secretary

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 2010

(₹ in Lacs)

	Schedule	Year ended 30.06.2010	Year ended 31.03.2009
INCOME			
Sales	13	14,961.87	13,911.51
Other Income	14	1,779.53	628.92
Provision for Doubtful Debts written back		–	70.53
Increase/(Decrease) in Stock of Finished Goods and Work in Process	15	407.90	171.34
		17,149.30	14,782.30
EXPENDITURE			
Raw Materials Consumed	16	11,595.17	10,260.83
Stores & Spares Consumed	17	254.44	369.35
Power & Electric Charges		550.03	136.51
Managing Director's Remuneration		8.08	80.39
Provision for & Payment to Employees	18	467.61	198.33
Administrative, Selling & Other Expenses	19	1,419.41	891.67
		14,294.74	11,937.08
Profit before Interest & Depreciation		2,854.56	2,845.22
Interest	20	1,906.96	956.89
Profit before Depreciation		947.60	1,888.33
Depreciation		1,244.68	209.94
Profit before Tax		(297.08)	1,678.39
Provision for Taxation for current year		–	(350.00)
Provision for Taxation for earlier years		(3.08)	(29.88)
Provision for Fringe Benefit Tax		–	(5.88)
Deferred Tax Adjustment		–	(236.72)
Profit after Tax		(300.16)	1,055.91
Dividend (including Dividend Tax)		–	(90.54)
Proposed Dividend (Including Corporate Dividend Tax)		–	(90.54)
Balance brought forward from previous year		2,890.43	1,925.06
Balance carried to Balance Sheet		2,590.27	2,890.43
Earning Per Share (Basic)		(1.43)	13.64
Earning Per Share (Diluted)		(1.43)	13.64
Notes on Accounts	21		

This is the Profit and Loss Account referred to in our report of even date

The Schedules referred to above and the attached notes form part of the Profit and Loss Account

For **Agarwal Sangneria & Co.**

Chartered Accountants

On behalf of the Board of Directors

P. K. Agarwal

Partner

Membership No. 53496

Firm Regn. No.317224E

Kolkata: 30th August, 2010

S. L. Agarwal

Managing Director

S. Vasanthi

Director (Technical & Marketing)

N. Didwania

Company Secretary

SCHEDULE FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	As at 30.06.2010	As at 31.03.2009
Schedule – 1 SHARE CAPITAL		
Authorised		
3,00,00,000 (15,000,000) Equity Shares of ₹10 each	3,000.00	1,500.00
Issued, Subscribed and paid up		
1,02,86,533 (7,038,533) Equity shares of ₹10 each fully paid up in cash	1,028.66	703.85
99,86,533 (NIL) Equity shares of ₹10 each fully paid up issued as Bonus Shares by capitalization of Securities Premium	998.65	–
700,000 (700,000) Equity shares of ₹10 each fully paid for consideration other than cash	70.00	70.00
	2,097.31	773.85
Schedule – 2 RESERVES & SURPLUS		
Capital Reserve		
As per last account	328.38	328.38
Application Money against Shares Warrants	469.50	–
Securities Premium Account		
As per last account	5,066.54	
Add : Premium on Share Capital Issued during the period	5,337.20	
	10,403.74	
Less: Transfer to Share Capital for Bonus Issue	998.65	
Less: Transfer to FCCB Premium Redemption Reserve	527.67	
	8,877.42	5,066.54
FCCB Premium Redemption Reserve		
As per last account	646.03	
Add: Transfer from Security Premium Account	527.67	
	1,173.70	646.03
Credit Balance in Profit & Loss Account	2,590.27	2,890.43
	13,439.27	8,931.38
Schedule – 3 SECURED LOANS		
a. Term Loans from Banks (Repayable within next one year ₹ 2265 Lacs)	12,309.64	13,059.73
b. Export Packing Credits from Banks	6,167.86	6,959.23
c. Cash Credits / Working Capital Demand Loan from Banks	1,142.98	1,730.35
d. Buyers Credit		
Foreign Currency Loan from Overseas Bank	2,009.18	1,178.00
	21,629.66	22,927.31

Note:

Above loans are secured by way of hypothecation of all fixed and movable properties including stocks of raw materials, stock-in-process, finished goods, consumables and book debts, both present and future situated at company's units at Saltlake, Kolkata and Falta SEZ and guaranteed by Managing Director and Corporate Guarantee of Promoter Company

SCHEDULE FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	As at 30.06.2010	As at 31.03.2009
Schedule – 4 UNSECURED LOANS		
From a Joint Stock Company (Including Interest Accrued)	–	45.86
Foreign Currency Convertible Bonds (Including effect of exchange fluctuation)	7,874.16	8,574.72
	7,874.16	8,620.58

Schedule – 5 FIXED ASSETS										
NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2009	Addition during the period	Sales/Adjust- ments during the year	Cost as at 31.03.2010	Up to 31.03.2009	For the year	Less: for Sale / Adjustment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold land	14.58	49.64	–	64.22	–	–	–	–	64.22	14.58
Building	260.29	3,488.09	–	3,748.38	94.91	129.65	–	224.56	3,523.82	165.38
Plant & Machinery	4,098.60	17,531.00	–	21,629.60	1,018.24	1,072.05	–	2,090.29	19,539.31	3,080.36
Furniture & Fixture	26.94	237.30	–	264.24	14.58	17.82	–	32.40	231.84	12.36
Computer	54.45	15.44	–	69.89	46.98	13.09	–	60.07	9.82	7.47
Office Equipment	7.39	17.11	–	24.50	3.22	0.99	–	4.21	20.29	4.17
Motor Vehicles	41.52	75.36	6.06	110.82	7.19	11.08	0.56	17.71	93.11	34.33
Grand Total	4,503.77	21,413.94	6.06	25,911.65	1,185.12	1,244.68	0.56	2,429.24	23,482.41	3,318.65
Previous Year	4,127.45	376.32	–	4,503.77	975.18	209.94	–	1,185.12	3,318.65	

Note: 1. Leasehold Land of Salt Lake unit has been acquired under a lease of 90 years with a renewal option.

Note: 2. Leasehold Land of Falta SEZ unit has been acquired under a lease of 15 years with a renewal option.

	As at 30.06.2010	As at 31.03.2009
Schedule – 6 CAPITAL WORK IN PROGRESS		
For SEZ Unit - Phase II		
Buildings	215.59	3,209.20
Plant & Machinery	–	13,732.88
Furniture & Fixtures	–	9.54
Vehicles	–	38.04
Office Equipment	–	0.73
Other Miscellaneous Assets	–	15.54
Security Deposits	–	2.24
Rent for Leasehold Land	–	44.29
Miscellaneous Expenses	–	78.25
Pre-Operative Expenses	287.19	1,889.33
	502.78	19,020.04

SCHEDULE FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	As at 30.06.2010	As at 31.03.2009
Schedule – 7 INVESTMENTS		
a) Long Term Investments (At cost)		
Other than Trade (in unquoted shares)		
16,600 Ordinary Shares of Singapore Dollar 1/- each fully paid up in Micro Power Trading Co. Pte Ltd, Singapore a joint venture company (Previous Year 16600 Ordinary Shares)	3,112.58	3,112.58
b) Current Investments		
Other than Trade (in unquoted shares)		
(Equity Shares of Face Value of ₹10 each, fully paid up unless otherwise stated)		
Aasra Power Corporation (P) Ltd.	19.00	19.00
19,000 Equity Shares (Previous Year 19000 Equity Shares)		
Adhunik Gases Ltd.	20.00	20.00
20,000 Equity Shares (Previous Year 20000 Equity Shares)		
Gravity Towers (P) Ltd.	80.00	80.00
80,000 Equity Shares (Previous Year 80000 Equity Shares)		
GTZ India (P) Ltd.	30.00	30.00
30,000 Equity Shares (Previous Year 30000 Equity Shares)		
Kosh Projects (P) Ltd.	22.00	22.00
22,000 Equity Shares (Previous Year 22000 Equity Shares)		
Micro Management (P) Ltd.	15.00	15.00
15,000 Equity Shares (Previous Year 15000 Equity Shares)		
Narsingh Goods Pvt. Ltd.	21.00	21.00
21,000 Equity Shares (Previous Year 21000 Equity Shares)		
Ran International Pvt. Ltd.	55.00	55.00
55,000 Equity Shares (Previous Year 55000 Equity Shares)		
Singal Bright & Forging Pvt. Ltd.	68.00	68.00
68,000 Equity Shares (Previous Year 68000 Equity Shares)		
True Mercantile (P) Ltd.	70.00	70.00
70,000 Equity Shares (Previous Year 70000 Equity Shares)		
Total Current Investments	400.00	400.00
	3,512.58	3,512.58
Schedule – 8 INVENTORIES		
Raw materials	4,432.83	2,673.15
Finished goods	1,228.85	741.83
Work in process	1,236.80	1,315.92
Stores and Spares	70.00	70.00
	6,968.48	4,800.90
Schedule – 9 SUNDRY DEBTORS		
(Unsecured, considered good & net of Bills Discounted)		
Debts over six months	183.35	198.40
Other Debts	1,845.69	390.82
	2,029.04	589.22

SCHEDULE FORMING PART OF THE BALANCE SHEET

(₹ in Lacs)

	As at 30.06.2010	As at 31.03.2009
Schedule – 10 CASH AND BANK BALANCES		
Cash in hand	3.16	1.47
Balance with Scheduled Banks		
- On Current, Cash Credit and EEFC Accounts	32.73	323.14
- On Term Deposit /Margin Accounts	669.59	338.77
Balance with Citibank N.A., London		
- On Current Account	–	24.19
Unpaid Dividend Accounts	10.38	30.82
	715.86	718.39

Schedule – 11 LOANS AND ADVANCES		
(Unsecured - considered good)		
Recoverable in cash or in kind or for value to be received		
Loans to Overseas Corporate Bodies (Including Accrued Interest)	6,265.27	6,510.83
Advance for Capital contracts	1,965.69	483.22
Advances for Silicon Wafers	1,040.73	5,197.03
Other Advances	827.42	526.80
Advance / Provisional Payment of Income Tax	288.97	677.93
Income Tax Deducted at Source	186.08	112.62
Advance Payment of Fringe Benefit Tax	10.48	8.23
MAT Credit Available	71.35	71.35
Input VAT credit	0.00	2.46
Deposits	267.80	131.11
	10,923.79	13,721.58

Schedule – 12 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	1,256.22	1,535.70
Sundry Creditors for capital contracts	385.88	564.36
Other liabilities	109.02	131.68
Advance from Customers	21.78	8.32
Unpaid Dividend	10.38	30.82
	1,783.28	2,270.88
Provisions		
For Income Tax	444.86	949.86
For Fringe Benefit Tax	9.88	13.75
For Excise Duty	100.00	100.00
Proposed Dividend (including Dividend Tax)	–	90.54
	554.74	1,154.15
	2,338.02	3,425.03

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

	Year ended 30.06.2010	Year ended 31.03.2009
Schedule – 13 SALES		
Exports		
Finished Goods	14,785.74	13,815.41
Raw Materials (Excluding transfer to own SEZ Unit)	–	106.70
Stores and Spares	–	110.83
Discount Allowed	(30.72)	
Exchange Fluctuation	(10.43)	(230.63)
	14,744.59	13,802.31
Domestic Sales	217.28	109.20
	14,961.87	13,911.51
Schedule – 14 OTHER INCOME		
Interest from Banks	46.49	11.42
Interest on Loan to Overseas Corporate Bodies	566.88	490.26
Profit on Sale of Short Term Investments	–	15.00
Exchange Fluctuation Profit	1,154.95	–
Insurance Claim	–	52.95
Sundry Balances written Back	3.35	0.69
Miscellaneous Income	7.86	13.63
Prior Period Adjustments	–	44.97
	1,779.53	628.92
Schedule – 15 INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished Goods	741.83	895.17
Work-in-process	1,315.92	991.24
	2,057.75	1,886.41
Closing Stock		
Finished Goods	1,228.85	741.83
Work-in-process	1,236.80	1,315.92
	2,465.65	2,057.75
	407.90	171.34
Schedule – 16 RAW MATERIALS CONSUMED		
Opening Stock	2,673.15	1,836.67
Add : Purchases	13,609.54	10,816.43
Carriage Inward	144.62	130.38
Processing Charges	3.87	19.97
Exchange Fluctuation	(403.18)	130.53
	16,028.00	12,933.98
Less : Closing Stock	4,432.83	2,673.15
Consumption	11,595.17	10,260.83

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in Lacs)

	Year ended 30.06.2010	Year ended 31.03.2009
Schedule – 17 STORES & SPARES CONSUMED		
Opening Stock	70.00	65.00
Add : Purchases	254.44	374.35
	324.44	439.35
Less : Closing Stock	70.00	70.00
Consumption	254.44	369.35
Schedule – 18 PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries , Allowances, Bonus & Gratuity	415.45	171.80
Contribution to P.F., E.S.I. & other Funds	24.22	7.75
Welfare Expenses	27.94	18.78
	467.61	198.33
Schedule – 19 ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Insurance	32.07	16.96
Repairs and Maintenance		
- Building	1.80	32.38
- Plant and Machinery	26.77	19.32
- Others	15.90	9.91
	44.47	61.61
Rent	33.15	3.81
Rates and taxes	11.82	1.91
Carriage Outward	197.35	69.40
Other Selling Expenses	85.98	39.57
Travelling and Conveyance	164.32	102.66
Bank Commission & Charges	339.55	261.64
Bad Debts	–	70.18
Prior Period Expenses	92.75	15.34
Loss on sale of Fixed Assets	2.49	–
Preliminary Exp W/off	74.88	–
Exchange Fluctuation Loss	–	32.06
Credit Rating Expenses	–	8.00
Testing Charges	49.15	42.99
Miscellaneous expenses	285.88	152.26
Donation	5.55	13.28
	1,419.41	891.67
Schedule – 20 INTEREST		
On Fixed Loans	422.40	102.82
On Packing Credit & Cash Credits	1,084.75	652.44
On Bills Discounting	205.04	150.15
On Others	194.77	51.48
	1,906.96	956.89

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 NOTES ON ACCOUNTS

1. Significant Accounting Policies :

- a) The financial statements of the have been prepared under the historical cost convention. Items of income and expenditure are recognised on accrual basis unless otherwise stated.
- b) Fixed Assets are stated at cost less depreciation (on Straight Line Value Method at applicable rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis).
- c)
 - i) Raw materials, Stores & Spares and Trading goods are valued at cost determined on the weighted average method.
 - ii) Work-in-process is valued at cost inclusive of appropriate production overheads.
 - iii) Finished goods are valued at Cost or Market Price whichever is lower.
- d) Transactions in Foreign currencies to the extent not covered by forward contracts are accounted for at exchange rates prevailing on the dates on which the transactions took place. Losses and gains arising from subsequent fluctuations are recognised as and when they are crystallised. Foreign Currency Loans & Creditors and corresponding fixed assets and purchases are stated at exchange rates prevailing on the date of the Balance Sheet.
- e) Sales are net of returns and are inclusive of sale of Raw Materials and stores & spares. Accordingly, consumption of Raw Materials and Stores & Spares also includes the sale thereof.
- f) Purchases are net of rebates and discounts including those in respect of purchases made in earlier years.
- g) In respect of retirement benefits in the form of Provident Fund, the contribution payable by the Company for the year is charged to revenue.
- h) Liability for future payment of Gratuity to employees is covered by Group gratuity scheme of Life Insurance Corporation of India. The amount paid/payable to them is charged to revenue as and when demand is raised.
- i) Payment to employees in respect of encashment of leave is accounted for as and when claimed by the employee concerned and paid by the Company.
- j) No provision is made in books of account for future liability, being unascertainable, that may occur on account of warranty on company's products [Please refer Note No. 3(d) also]
- k) Fixed Assets are reviewed at each Balance Sheet date for impairment. In case, events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, wherever the carrying amount of assets either belonging to cash generating unit or otherwise exceeds recoverable amount. The recoverable amount is the greater of net selling price of assets or its value in use. In assessing the value in use, the estimated future cash flow from the use of assets is discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss no longer exists or has decreased. Impairment loss/ reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to assets on a pro-rata basis.
- l) Borrowing cost incurred in relation to the acquisition or construction of assets are capitalized / allocated as part of the cost of such assets till the date of completion of such assets. Other borrowing cost are charged as an expense in the year in which these are incurred.

2. Estimated amounts of Capital Contracts as at 30th June, 2010 and not provided for ₹4269.14 Lacs (Previous year ₹732.74 Lacs). Total Advances paid there against ₹425.85 Lacs in foreign currency (Previous year ₹483.23 Lacs, including Foreign Currency ₹472.93 Lacs)

3. Contingent Liabilities –

- a) Outstanding Bank Guarantees ₹217.92 Lacs (Previous year ₹192.92 Lacs)
- b) Outstanding letters of Credit ₹2,336.44 Lacs (Previous year ₹1,861.84 Lacs)
- c) Bills Discounted with banks ₹3,323.10 Lacs (Previous year ₹3,538.49 Lacs)
- d) The Company's product, namely, Solar Photovoltaic Modules carry a warranty of 25 years as per International Standards. A

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 **NOTES ON ACCOUNTS** (Contd...)

fair estimate of future liability that may arise on this account is not ascertainable. The same shall be accounted for as and when any claim occurs.

e) Demands against the not acknowledged as debts ₹739.70 lacs (Previous year ₹467.76)

4. A Joint Venture with M/s Micro Power Trading Co. Pte Ltd, Singapore formed during the year 2008 for sourcing of Silicon Ingots/ Wafers has since been withdrawn and the Company has initiated steps to call back the investment made in the Joint Venture.
5. A three year contract was entered into with the said M/s Micro Power Trading Co. Pte Ltd, Singapore for supply of Silicon Wafers against which an amount of ₹1,040.73 Lacs (Previous Year ₹5,197.03 Lacs) is lying as advance deposit with them and will be adjusted in due course.
6. Investment in the Equity Share Capital of Micro Power Trading Co. Pte Ltd, the erstwhile Joint Venture Company based at Singapore, being non-monetary item, no exchange fluctuation has been provided therefore as at the year end.
7. The Company has issued convertible warrants amounting to ₹3000.00 Lacs during the year to Promoter Group Company and Strategic Investor. It has received there-against an amount of ₹1591.50 Lacs out of which Equity Shares amounting to ₹1122.00 Lacs (including securities premium) were allotted upon conversion.
8. Application money received against convertible warrants allotted during the period and remaining outstanding as at the Balance Sheet date has been shown under the head Reserves and Surplus.
9. The Company has issued fresh equity shares by way of Qualified Institutional Placement ("QIP") amounting to ₹4540.00 Lacs during the period and 20,00,000 Equity Shares there-against have been issued to the Qualified Institutional Buyers.
10. The proceeds of Qualified Institutional Placement ("QIP") have been used by the Company for augmenting its working capital.
11. The Company has issued Bonus Shares in the ratio of 1:1 during the period.
12. During the period under review, the Company has started the commercial production of its 30MW unit situated at Falta SEZ. However a major break-down happened during the month of March and April 2010 thereby affecting revenues of the last two quarters.
13. The Company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and accordingly the disclosure as required in Section 22 of the said Act could not be given in these accounts.
14. Provision for Deferred Tax Liabilities up to last year was made as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India. According thereto, the Company has no deferred tax assets at the year end. The deferred tax liability at the year end is on account of difference of carrying amount of fixed assets in the financial statements and the income tax computation up to last year. Since the Company's unit is situated at Falta SEZ, the provision for deferred tax liability has not been made for the current year. The existing provision shall be adjusted at appropriate time.
15. Impairment in the carrying value of the fixed assets as at the Balance Sheet date has not been ascertained pending detailed review and technical evaluation in this respect. The Company intends to get the said review carried by independent valuer / consultant and adjustment, if any, will then be made in the accounts.
16. Sundry Debtors over six months includes ₹69.46 lacs (previous year ₹134.44 lacs) outstanding from certain buyers for a considerable period. In the opinion of the management these will be recovered in due course and as such no provision is considered necessary in this respect.
17. Miscellaneous Expenditure comprises of expenditure incurred on raising long term funds for the Company and is being written off in five equal annual installments in the books of account.
18. **Amounts paid / payable to Auditors –**
 - a) Audit fees ₹2,50,000/- (Previous year ₹1,00,000/-), plus the applicable service tax.
 - b) In other capacity in respect of certification work ₹62,500/- (Previous year ₹25,000/-) plus the applicable service tax.

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 NOTES ON ACCOUNTS (Contd...)

c) For Audit under section 44AB of the Income Tax Act, 1961 ₹50,000/- (Previous year ₹25,000/-), plus the applicable service tax.

19. Balances of Debtors, Creditors, certain Bank balances, Loans and Advances etc are subject to confirmation and reconciliation with respect to parties.

20. Information pursuant to the Provisions of Paragraphs 3, 4(c) & 4(d) of part II of the Schedule VI of the Companies Act, 1956.

a) The Company manufactures Solar Photovoltaic Cells, Modules and Systems and the relevant particulars thereof are as under:

	30.06.2010		31.03.2009	
	Qty. (KW)	₹ in Lacs	Qty. (KW)	₹ in Lacs
i) Licensed Capacity	Requirement	Withdrawn		
ii) Installed Capacity (as certified by the management)	40,000.00	–	10,000.00	–
iii) Actual Production	17,229.40	–	8,860.57	–
iv) Sales	16,093.80	14,961.87	8,881.43	13,693.98
v) Opening Stock				
Finished Goods	653.12	741.83	673.98	895.16
Work-in-Progress	–	1,315.92	–	991.24
vi) Closing Stock				
Finished Goods	1,788.72	1,228.85	653.12	741.83
Work-in-Progress	–	1,236.80	–	1,315.92

b) Raw Materials Consumed :

	Unit	30.06.2010		31.03.2009	
		Qty. (KW)	₹ in Lacs	Qty. (KW)	₹ in Lacs
Silicon Wafers	Pcs	6,238,425.00	9,340.48	3,527,627.00	7,913.00
Silver & Aluminium Paste	Kgs	7,851.00	652.03	3,891.50	341.38
Ethyl Vinyl Acetate	S.m	202,773.00	342.09	79,197.50	133.08
Isopropyl Alcohol	Ltrs.	87,475.00	62.60	134,625.00	100.66
Tempered Glass	Pcs	79,343.00	569.43	65,092.00	573.19
Tedlar	S.m.	129,688.37	457.21	55,234.33	241.34
Solar Cells	Pcs	–	–	48,753.00	171.42
Others*		–	171.33	–	636.41

* As none of the items individually exceed 10% of the total value of the raw materials consumed, the quantitative details have not been provided.

c) Value of Imported & Indigenous Raw Materials and Stores & Spares consumed during the year.

	30.06.2010		31.03.2009	
	₹ in Lacs	%	₹ in Lacs	%
1. Raw Materials				
- Imported	11,017.73	95.02	9,603.11	93.59
- Indigenous	577.44	4.98	657.72	6.41
Total	11,595.17	100.00	10,260.83	100.00
2. Stores & Spares				
- Imported	57.34	22.53	170.64	46.20
- Indigenous	197.10	77.47	198.71	53.80
Total	254.44	100.00	369.35	100.00

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 NOTES ON ACCOUNTS (Contd...)

d) CIF value of imports (₹ in Lacs)

	30.06.2010	31.03.2009
Raw Materials	13,594.87	10,268.87
Capital Goods	6,015.79	9,971.92
Components & Spares	43.17	57.52

e) Expenditure in Foreign Currency (including outstanding liability) (₹ in Lacs)

	30.06.2010	31.03.2009
Travelling	52.62	17.18
Bank Charges	2.76	18.92
Interest on Foreign Currency Loans	386.08	275.32
Technical Books and Journals	--	0.13
Testing Charges	38.48	39.44
Advertisement in Foreign Journals	1.57	--
Professional & Consultancy Charges	8.16	4.59
Listing Fees	4.63	6.14

f) Earning in Foreign Currency (including outstandings) (₹ in Lacs)

	30.06.2010	31.03.2009
F.O.B. Value of Exports	14,749.57	13,799.13
Interest on Unsecured Loans	566.88	490.65

21. Director's Remuneration:

Salary & Medical Re-imbursements Including PF contribution & commission (₹ in Lacs)

	30.06.2010	31.03.2009
Mr. S.L. Agarwal, Managing Director (5% of net profits)	8.08	80.39
Mrs S. Vasanthi, Director (Technical)	3.88	3.20

22. Since the Company is dealing in only one product i.e., Solar PV Cells and Modules, segmental reporting as prescribed under Accounting Standard 17 issued by the Institute of Chartered Accountants of India is not applicable.

23. Earnings Per Share:

(₹ in Lacs)

		30.06.2010	31.03.2009
a) Profit After Tax	₹ in Lacs	(300.16)	1,055.91
b) Weighted Average number of equity shares of ₹10 each			
Total number of Shares	Nos.	20,973,066	7,738,553
c) Earning Per Share (Basic)	₹	(1.43)	13.64
d) Profit After Tax for Diluted EPS	₹ In Lacs	(300.16)	1,055.91
e) Weighted Average number of equity shares for Basic EPS	Nos.	2,097,3066	7,738,553
f) Earning Per Share (Diluted)	Nos.	(1.43)	13.64

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 NOTES ON ACCOUNTS (Contd...)

24. Related party disclosure (pursuant to Accounting Standard 18 issued by The Institute of Chartered Accountants of India)

i) List of Related Parties and Relationship

Name of the Party	Relationship
S. L. Industries Pvt. Ltd.	Associate
C. L. Developers Pvt. Ltd	Associate
C. L. Enterprises Pvt. Ltd.	Associate
Contai Golden Hatcheries (E) P. Ltd.	Associate
Sakthi Consultants Pvt. Ltd.	Associate
Shalimar Hatcheries Ltd.	Associate
West Wood Marketing Pvt. Ltd.	Associate
Sona Vets Pvt. Ltd.	Associate
Shalimar Pellet Feeds Ltd.	Associate
Chiranji Lal Agarwal HUF	Associate
Sohan Lal Agarwal HUF	Associate
Micro Power Trading Co. Pte. Ltd.	Joint Venture (Now Called Off)
S.L. Agarwal	Key Management Personnel – Managing Director
S. Vasanthi	Key Management Personnel – Director, Technical & Marketing

ii) Details of transactions entered with the related parties by the Company during the year apart from Directors' remuneration stated in Note No. 21.

(₹ in Lacs)

Nature of transactions	Associates		Joint Venture (Now called off)	
	30.06.2010	31.03.2009	30.06.2010	31.03.2009
Purchase of Goods	---	---	9,931.59	8,004.17
Sale of Goods	---	---	4,649.39	2,877.40
Amount Payable against Goods Purchase	---	---	2,867.51	1,024.27
Amount Receivable against Goods Sold	---	---	2,453.33	1,711.90
Interest on Unsecured Loan taken	3.07	9.39	---	---
Interest on Unsecured Loan given	---	---	566.88	490.25
Unsecured Loan Taken	135.00	280.00	---	---
Unsecured Loan Repaid	180.86	251.29	---	---
Unsecured Loan Payable Outstanding	---	45.86	---	---
Unsecured Loan Receivable Outstanding	---	---	6,265.27	6,510.83
Advance for supply of Raw Materials	---	---	1,040.73	5,197.02

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Schedule – 21 **NOTES ON ACCOUNTS** (Contd...)

25. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

CIN No. L29307WB1990PLC048350 State Code 21
 Balance Sheet Date 30 06 20 01 0

II. Capital raised during the year (₹ in Lacs)

Public Issue 4540.00 Bonus Issue 11
 Rights Issue NIL Private Placement 1122.00

III. Position of mobilisation and deployment of funds (₹ in Lacs)

Total Liabilities	46043.61	Total Assets	46043.61
Sources of Funds		Application of Funds	
Paid up Capital	2097.31	Net Fixed assets	23985.19 <i>(including Capital work-in-progress)</i>
Reserves and Surplus	13439.27	Investments	3512.58
Secured Loans	21629.66	Net Current Assets	18299.15
Unsecured Loans	7874.16	Miscellaneous Expenditure	246.69
Deferred Tax Liability	1003.21		

IV. Performance of Company (₹ in Lacs)

Turnover	16741.40 <i>(including other income)</i>	Total Expenditure	17038.48
Loss before tax	(297.08)	Loss after tax	(300.16)
Earning per Share (Basic)	(1.43)	Dividend	NIL
Earning Per Share (Diluted)	(1.43)		

V. Generic Names of Three Principal Products /Services of Company (as per Monetary terms)

Item Code No. (ITC Code)	Product Description
8541.00	Solar Photovoltaic Cells, Modules and Systems

26. Since the accounting year of the Company has been extended to end on 30th June 2010, these accounts have been prepared for a period of fifteen months and the figures thereof are not comparable with those of previous year to that extent.

27. Previous years figures are regrouped / rearranged wherever necessary.

Signature to Schedule 1 to 27

For **Agarwal Sangneria & Co.**
Chartered Accountants

On behalf of the Board of Directors

P. K. Agarwal
Partner

S. L. Agarwal
Managing Director

S. Vasanthi
Director (Technical & Marketing)

N. Didwania
Company Secretary

Membership No. 53496
 Firm Regn. No.317224E
 Kolkata: 30th August, 2010

CASH FLOW STATEMENT for the year ended 30th June, 2010

(₹ in Lacs)

	Year ended 30.06.2010	Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	(297.08)	1,678.39
Adjustments for:		
Depreciation	1,244.68	209.94
Loss on sale / adjustments of Fixed Assets	2.49	–
Loss / (Profit) on sale of Investments	–	(15.00)
Interest (Net)	1,293.59	455.21
	2,540.76	650.15
Operating Profit before working Capital Changes	2,243.68	2,328.54
Adjustments for:		
Trade and Other Receivables	1,044.72	(3,400.46)
Provision for Doubtful Debts	–	70.53
Inventories	(2,167.58)	(1,012.83)
Trade payables	(487.60)	1,815.89
	(1,610.46)	(2,526.87)
Cash generated from operations	633.22	(198.33)
Interest paid (Net)	(1,293.59)	(455.21)
Direct Taxes paid/refund	(198.69)	(169.15)
	(1,492.28)	(624.36)
Cash Flow before extraordinary items	(859.06)	(822.69)
Extraordinary Item of Expenditure/Income	(246.69)	--
Net Cash from Operating Activities	(1,105.75)	(822.69)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(21,416.43)	(376.32)
(Payments)/Adjustment for Capital Work-in-progress	18,517.26	(16,342.07)
Sale of Fixed Assets	5.49	–
Net Cash used in Investing Activities	(2,893.68)	(16,718.39)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Sales / (Purchase) of Investments	(0.00)	(385.00)
Issue of Equity Shares	6,131.51	–
Dividend (including tax) paid	(90.54)	(90.53)
Proceeds from Long Term Borrowings	(1,450.65)	14,057.65
Repayment of Long Term Borrowings	–	–
Proceeds from Short Term Borrowings	(593.42)	4,245.54
Net Cash generated from Financing Activities	3,996.90	17,827.66
Net increase in Cash and Cash Equivalents (A+B+C)	(2.53)	286.58
Opening Balance of Cash and Cash Equivalents	718.39	431.81
Closing Balance of Cash and Cash Equivalents	715.86	718.39
	2.53	(286.58)

For Agarwal Sangneria & Co.
Chartered Accountants

On behalf of the Board of Directors

P. K. Agarwal
Partner
Membership No. 53496
Firm Regn. No.317224E
Kolkata: 30th August, 2010

S. L. Agarwal
Managing Director

S. Vasanthi
Director (Technical & Marketing)

N. Didwania
Company Secretary

CORPORATE INFORMATION

Board of Directors

Mr. S. L. Agarwal, *Managing Director*
Mrs. S. Vasanthi, *Director - Technical & Marketing*
Mr. S.P. Bangur, *Independent Director*
Mr. O.P. Agarwal, *Independent Director*
Mr. S.K. Pal, *Independent Director*

Company Secretary

Mr. Nitin Didwania

Bankers

Allahabad Bank
The Federal Bank Ltd.
Standard Chartered Bank
Dena Bank
HDFC Bank
Axis Bank
EXIM Bank
ICICI Bank

Auditors

M/s Agarwal Sangneria & Co.
Chartered Accountants

Registered Office

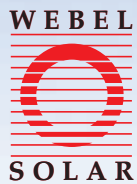
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