WEBEL SOLAR

Ladies and gentlemen, colleagues and shareholders,
It is with immense pleasure that I welcome you to your Company's 30th Annual General Meeting. It has been my privilege to serve as the Chairperson of your Company since.

On behalf of the Board of Directors, it is my privilege to thank each one of you for making it convenient to attend this important meeting and register solidarity with your Company. The Annual Report for the year ended 31st March, 2020 has been circulated among you. With your permission, I take it as read.

The world is passing through unprecedented times and it would be unfair to begin a review of the last financial year without a mention of it at the outset. The outbreak of the novel coronavirus is the largest pandemic in recent history and has had a painstaking impact on most countries and people around the globe, including India. India's GDP growth was pegged at 4.2% in 2019-20 compared to 6.1% in the previous year. Sharp decline in economic growth, coupled with the surge in inflation, resulted in the Indian rupee emerging as one of the worst performers among Asian peers, marked by a depreciation of nearly 8% over 2019-20. The nationwide lockdown imposed towards the end of the financial year under review to curb the outbreak of the novel coronavirus made the situation even more challenging.

The year under review was a landmark one for the solar energy market as it was able to withstand every headwind in its way. While virtually every energy market – coal, oil and gas – weakened, the solar energy market continued on its growth trajectory. This could be attributed to many factors: reliable technology, no moving parts, quick to commission, marked by fewer environmental controls and increasingly affordable. Another reality that is transforming our world faster than ever is how large nations have committed to graduate from finite energy resources to the infinite. India has lead by example; it enunciated a target to commission 175 GW of renewable energy capacity by 2022 and 450 GW by 2030. This will prompt the country to invest more in renewable energy over thermal energy over the foreseeable future. India is the only G20 nation to have met its renewable investment promise of phased renewable energy addition and is also projected to become one the largest consumer of renewable energy hardware in the world.

However, the Company was faced with a major challenge: The Company needed to address the reality of US Safeguard Duty on the export of solar cells and modules from India, customs duty on imported solar energy equipment and the quantum of local content in solar energy projects. In this challenging environment, the Company prudently selected to stop manufacture, a decision that may have affected the Company's profitability for a short period of time on account of the overheads that it was compelled to incur, but protected the Company from a larger financial burden. In this environment, the Company transformed its business model and selected to enter into conversion agreements for customers who provided the raw material for the Company to convert in exchange for a tolling remuneration paid to the Company.

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During the year under review, your Company reported revenues of Rs. 206.44 crore compared to Rs. 85.85 crore in the previous year, an increase of a staggering 140%. Your Company's post-tax profit increased to Rs. 6.56 crore during the year under review compared to a loss of Rs. 28.95crore in the previous year. The Company's EPS also progressively increased from Basic EPS in FY 2018-19 of (10.01) to positive figure of 2.23 in FY 2019-20. The absence of a direct interest outflow is likely to have a positive impact on margins in the face of a higher turnover, strengthening value in the hands of those who hold shares in our Company.

The Company also expects to report a considerably better FY 2020-2: increased capacity utilisation from 60% in FY 2019-20 to around 70% in FY 2020-21. During the last few years, the Company increased its wafer size from 156 mm x 156 mm to 157 mm x 157 mm. During the current financial year, the Company intends to manufacture larger cells (158.75 mm x 158.75 mm) following equipment modification, which should translate into superior watt value by 10 watts to 340 watts. We believe that following these improvements and the protective customs tariff on imported equipment, the cells and modules manufactured by the Company should be competitive with their equivalents manufactured in China, the basis of the Company's business sustainability. The result is that what was a pricing differential of 25% between the landed cost of Chinese solar products and our price a few years ago is likely to decline to nil during FY 2020-21. Besides, in FY 2021-22, we not only intend to enhance our capacity utilisation to around 90% in 2021 but also incorporate PERC technology that will enhance our respect in the global community of cell manufacturers.

The message that we wish to send out is the Company is attractively placed and is optimistic about the foreseeable future:

- The Company has no long-term debt on its books
- The Company is globally accepted for our quality
- The Company is globally competitive when it comes to pricing The Company possesses global quality certifications
- The Company possesses the experience of having survived a number of market cycles

We believe that FY 2020-21 is when we begin to live up to our rich promise, enhancing value in the hands of all those associated with our Company.

In conclusion, I on behalf of the Board of Directors, would like to convey our gratitude to all business associates, Financial Institutions, stakeholders, banks and respective central and state government for their continued support and co-operation. I would also want to express my gratitude towards the entire Websolar team as every one of them has contributed to the Company's growth and development in the year gone by.

Thank you!

Websol Energy System Limited

Managing Director

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