



FROM CELLS TO FARMS

Websol Energy Systems Limited | Annual report 2010-11



Forward-looking statement

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 our 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. Readers should bear this in mind.

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

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For a decade-and-a-half, we manufactured solar photovoltaic cells that were used by our customers to commission solar farms.

The time has come for us to graduate our make-and-sell business model to a make-and-use as well as a make-and-sell model.

Enhancing our margins. Increasing revenue visibility.
Strengthening business sustainability.

Websol Energy Systems Ltd was a 1 MW solar cell manufacturing company in 1995. The Company is likely to emerge as a 120 MW company in 2011-12.

Websol was a company that used the reclaimed wafer technology to manufacture cells. The Company graduated to the monocrystalline solar grade technology today.

Websol exported to about five countries at one time.

The Company's products are marketed to more than 17 countries today.

Websol manufactured solar cells and modules upto 175 watts at one time. The Company widened its range to 245 watts today.

Websol only manufactured solar cells and modules at one time. The Company embarked on the process to integrate forwards and commission solar farms today.





“
The only way to
predict the future
is to have power to
shape the future.

– Eric Hoffer

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Profile

- Websol Energy Systems Ltd was created to address global energy through a renewable source like solar power.
- The Company is one of India's leading manufacturers of solar photovoltaic monocrystalline cells and modules.
- The Company was incorporated in 1990 and began production in 1995 with an installed capacity of 1 MW.
- The Company has its integrated production facility in Falta SEZ, Kolkata.

Vision

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

Mission

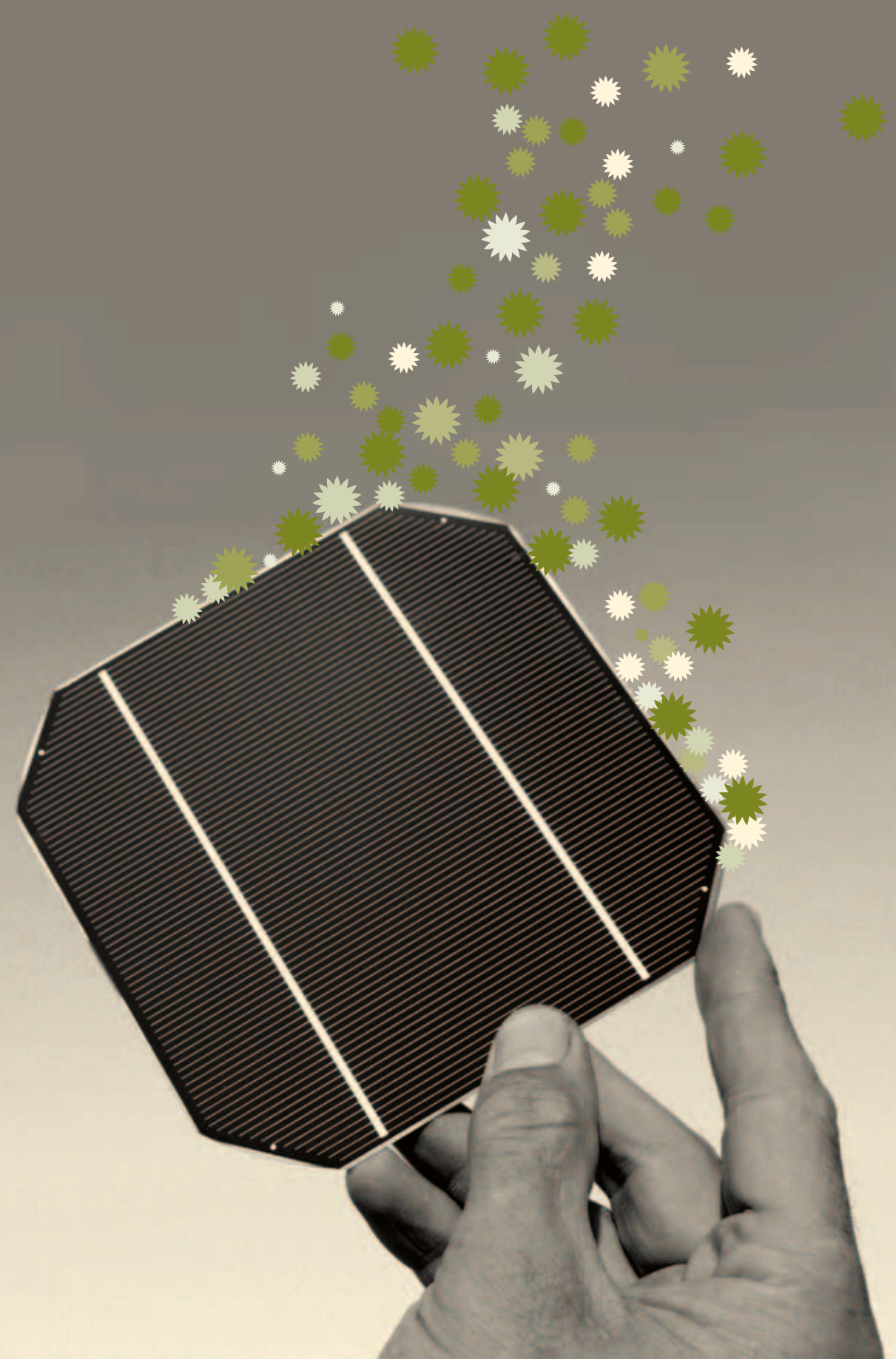
To provide solar energy solutions as per international standards and develop advanced and cost-effective products through cutting-edge technology that will create value customers and stakeholders while improving the environment and caring for our employees.

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 work place, and conduct 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 better products 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.

Certifications

- UL 1703 Standards for its entire product range. (specifically required for the USA and Canada)
- IEC certification for its modules W2100 and W1750.
- CSA mark for W1750 and W2100.
- ISO 9000:2000 from the UL Registered Firm.
- PV GAP certification.



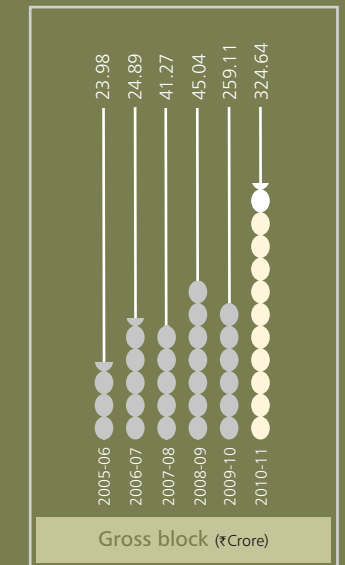
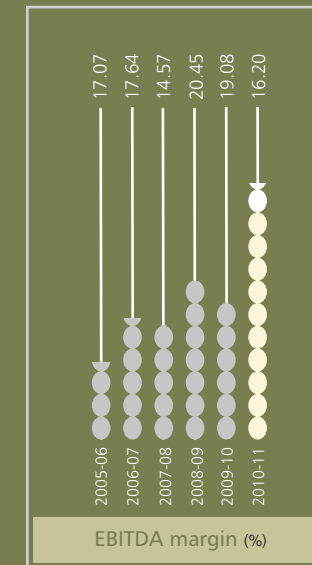
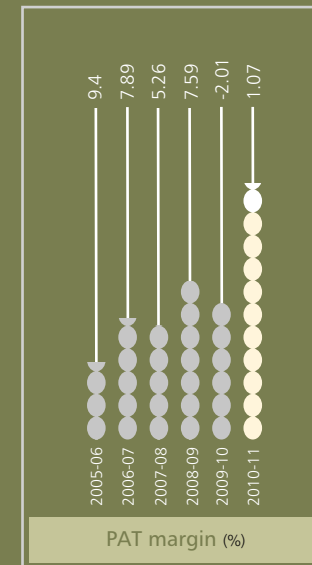
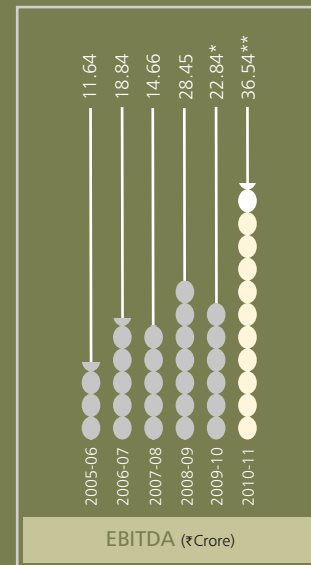
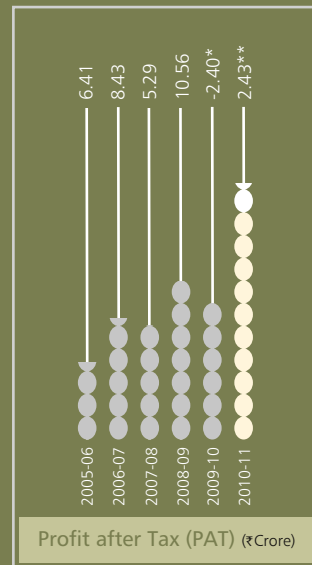
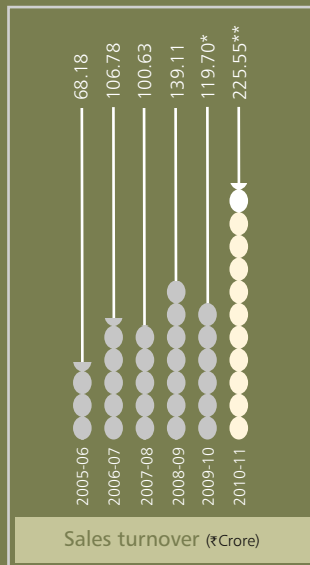


Numbers that made a big difference

Rapid escalation in the installed capacity of the Company from 30 MW to 60 MW +	In merely nine months, increased production from 17.23 MW to 24.55 MW	Improved and enhanced cell efficiency from 17.8 % to 18.3%
Capital cost per MW decreased from ₹ 6.48 cr to ₹ 5.41 cr	Average realisations declined from ₹ 9.30 cr per MW to ₹ 6.78 cr per MW	Gross block investment size increased from ₹ 259 cr to ₹ 324 cr

Our strengths

Rich experience An experience of 17 years in the dynamic global solar energy industry.	Quality standards Our manufacturing plant is accredited with the ISO 9000 quality and our products conform with the requirements of the PV GAP, TUV, IEC and UL international standards.	Global presence Our footprint covers 17 countries in the Europe, the Middle-East, the US, Africa and Australia.
Vast portfolio Our product portfolio comprises a range of solar wafers from five to eight inches, solar modules from 10W to 245W and from sub-200 microns to 400 microns.	Brand Our Webel Solar brand is respected for superior cell efficiency, timely delivery and overall price-value.	Technology We established expertise in the monocrystalline solar grade technology in our second year, resulting in an increase in yields, cell efficiency and capacity utilisation.



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

** Annualised figures for the 9 months ended from 01.07.2010 to 31.03.2011.



Chairman's overview

“

Websol is in the process of commissioning assets with an annual revenue potential of ₹700 cr

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S. L. Agarwal

ONE OF THE BEST THINGS THAT HAPPENED IN THE RENEWABLE SOLAR ENERGY INDUSTRY DURING THE LAST YEAR WAS A SHARP DECLINE IN REALISATIONS.

This decline was partly triggered by a drop in global poly-silicon costs from around US\$ 90 to US\$ 60 per kilo. This single industry phenomenon opens out interesting possibilities. A lower breakeven cost, a willingness to explore whether solar energy's viability in domestic and commercial applications (which previously was not even considered) and a greater focus on solar farms, coupled with encouraging power purchase agreements with the prevailing regulatory authorities.

Optimism

There are a number of reasons that enhance my industry optimism that achieving a grid parity of US\$1 / W (as estimated by the US Department of Energy) by 2017 may not be impossible:

- One, there is a growing annual increment in solar photovoltaic cell production and off take, is creating the critical mass for the product that will facilitate a decline in costs.
- Two, it is our conviction that the cost of solar energy was the biggest impediment to solar energy capturing a large market share of the global renewable energy market, which we feel will correct,

following a sharp decline in realisations in 2010-11.

- Three, there is a greater preference for the installation of solar cells in urban locations with no form of renewable energy coming close as a probable alternative.
- Four, the regulatory environment in a number of countries (including India) favour the feed-in of generated power at one point and its use in any other, enabling the commissioning of solar farms.
- Five, the liberalisation in India's power transmission sector makes it possible for solar farms to be commissioned just where they should be (areas with high sunshine and low land cost) as opposed to the conventional approach that they should only be commissioned close to consumption points
- Six, there is a growing shortage of thermal coal globally, resulting in an increase in per unit cost across the last year; inevitably, this will translate into an increase in thermal energy costs on the one hand, resulting in fresh commissioning capacities and environmental concerns
- Seven, the recent Japan nuclear plant disaster compelled the world to conduct a rethink of its energy sources, resulting, among others, of a leading Japanese investor seeking to invest extensively in 33 of Japan's 47 prefectures, resulting in an increase in renewable energy from 10 percent of Japan's total energy to 30 per cent as opposed to an erstwhile plan to increase the country's nuclear energy exposure from 30 per cent to 50 per cent.

Websol initiatives

At Websol, the initiatives that we embarked on in the last few years appear to be finally coming to fruition. These are expected to potentially transform the face

of the organisation with speed and enable it to emerge as one of the fastest-growing solar photovoltaic companies in India

One, we grew from 1 MW in 1995 to 10 MW in SPV capacity across 10 years. We now expect to multiply this capacity 12-fold in only about five years and emerge as a 120 MW organisation by the end of 2011-12.

Two, we expect to evolve from a solar cell manufacturing company to one that is a cell manufacturing-cum-solar farm-creating company. The extension in the Company's business model will result in some business advantages. A captive consumption of the Company's production on the one hand, resulting in a decline in the cost of production and the prospect of annuity incomes backed by attractive power purchase agreements with the government.

Websol possesses an attractive foundation to make this a reality: the Company's monocrystalline technology has stabilised, cell efficiency increased, the products were certified by the leading global quality agencies, exported to demanding countries (France, Germany, Czech, Portugal and Italy) and stocked in warehouses in Germany with proposed warehouses in Canada and the USA.

Overview

What I want to communicate to the shareholders is that Websol made extensive investments (projected at 120 MW by end 2011-12) with a revenue potential of ₹700 cr that should translate into attractive profits and value in the hands of all those who hold shares in the Company.

S. L. Agarwal,
Managing Director



“

We achieved one of the highest cell efficiencies in only our second year of working with new technology

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Mrs S. Vasanthi, Director - Technical & Marketing, reviews the Company's technology progress in 2010-11

Q. How would you review the Company's performance during 2010-11?

A. We started the year under review with a production capacity of 30MW. We graduated to 60 MW in the first phase, starting in the last quarter of 2010-11, through further investment in capital equipment. Once the equipment came in, we climbed the learning curve with speed and achieved a capacity utilisation of more than 90 per cent within three months of commissioning. The result is that our performance in 2010-11 served as a foundation for what we expect to achieve in the current financial year.

Q. What production improvements did you report?

A. Fundamentally, we shifted our manufacturing facility from Salt Lake in Kolkata to a spacious dust-free Falta on the city's outskirts, which is critical in the manufacture of solar photovoltaic cells. This made it possible for us to enhance our production scale from 10 MW to a projected 120 MW by the end of 2011-12.

We also reported improvements at every stage of our manufacturing process (texturing, diffusion, PECVD and screen printing). For instance, we added

chemicals to improve our texturing process; we altered established process parameters and recipes to enhance diffusion efficiency; we did the same in PECVD and we substituted certain raw materials to improve pattern design. All of these contributed in improving our cell efficiency and yield.

Q. How did this enhance the efficiency of cells manufactured by the Company?

A. In the solar cell manufacturing business, the higher the cell efficiency, the higher the returns the customer can generate out of his asset purchase. We did well in this regard: even though it was only the second year that we were working with the new solar cell manufacturing technology, we succeeded in raising our cell efficiency from 17.20% to 18.20% towards the end of the year. To achieve a 100 bps increase in cell efficiency within as short a time from start-up represents an achievement; besides, when one considers that this is probably among the highest cell efficiency in India, it is something that makes us proud. We are raising the bar through a targeted 19-19.50% cell efficiency for 2011-12.

Further, we increased yield to a level of 97%, resulting in a better management of material costs. On the module front, we increased wattage from 212 W to 245 W.

Q. For years, the Company used the reclaimed wafer technology to manufacture solar photovoltaic cells. Why did the Company invest in a new technology? Is this technology

cost-competitive?

A. The previous technology which we installed was costlier in terms of conversion costs and productivity. The Company is progressing to invest in cutting-edge technologies like Selective Emitters, Light Induced Plating Anti-Reflective Coated Glass and Light Trapping Ribbon to enhance cell efficiency, leading to effective marketing of our products in competitive international markets.

Q. What are the prevailing technology challenges faced by the Company?

A. The biggest challenge is how we can leverage technology and reduce our production cost in line with declining global prices and growing competition from countries like Taiwan and China. Websol was able to withstand competition for the following reasons: quality, service, relationships and adequate product availability.

The result is that in terms of cells and modules, we are globally competitive.

Q. What is your agenda for 2011-12?

A. We will need to commission 120 MW of solar cell production by the end of the year and stabilise production, followed by an infusion of cutting-edge technologies to enhance cell efficiency and material substitution with lower cost alternatives (multi-crystalline wafers). Most importantly, we intend to commission a solar farm by the end of 2012, resulting in captive material consumption at one end and assured revenues at the other.



Strengthening our competitiveness

Manufacturing

In the business of solar cell manufacture, it is imperative to scale production to the highest capacity possible at the lowest cost, strengthening competitiveness.

The Company reported a fair year in this regard. It enhanced installed capacity from 30 MW to 60 MW towards the close of the financial year under review; thereafter, it projected an increase in capacity to 120 MW by the end of 2011-12. The new production facility in Falta SEZ (West Bengal) is equipped with the latest technology.

In line with this increased capacity and improved technology, the Company reported an increase in production from 17.23 MW in 2009-10 (15 months) to 24.55 MW in 2010-11 (9 months),

Production costs (₹in Lacs)

	2008-09	2009-10*	2010-11*
Manpower cost per MW	22.38	21.70	17.82
Energy cost per MW	15.40	25.54	26.19

* Annualised.

Cost management

The Company invested in the following initiatives to reduce costs:

- **Economies of scale:** The increased economies of scale strengthened its ability to cover fixed costs more effectively and reduce capital cost per megawatt.
- **Low transportation cost:** The Company generated more than 95% of its revenues from exports supported by warehouses in Europe to reduce logistics cost and accelerate product delivery.
- **Optimum resource utilisation:** The Company set output targets, resulting in an optimum utilisation of manpower, raw materials and energy.

The plant capacity is 120 MW i.e., the infrastructure (facilities and utilities) has been designed in line with the mentioned capacity. The actual production in 2010-11 was 32.73 MW (annualised) and 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 standards.

The Company also derived the benefits of being located in a SEZ, strengthening its position as one of the leading solar photovoltaic manufacturers.

The Company optimised its processes to manufacture products with high efficiency. The result is a ISO 9001:2008 certification that endorses process standards and IEC 61215 & IEC 61730 that endorses product standards.

Over the years, the Company protected its product quality through a standardisation of parameters, product monitoring, statistical analysis and procurement of quality raw materials.

Safety, health and environment

In an environmentally-sensitive world, it is imperative to produce products using the highest standards of personal and environmental safety. The Company was certified for ISO 14001:2004 (environment protection) and ISO 18001:2007 (healthy and safe working conditions).

Marketing

In the solar photovoltaic industry, it is imperative to price oneself appropriately in a volatile pricing environment on the one hand and deliver materials to emerging global demand pockets on the other.

One of the biggest industry challenges during the year under review was the price decline across the product range, inspired by larger capacities, lower pricing to capture a larger market share and an industry initiative to strengthen the price-value and expand the market. The result was a near 30% decline in prices in

Average realisation per MW (in ₹ crore)

Jan-March 2010	April- June 2010	July-Sept 2010	October-Dec 2010	Jan-March 2011
8.38	6.65	6.84	7.26	6.65

only six months: from US\$90 to US\$60.

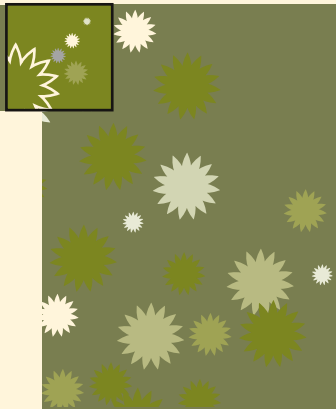
Besides, subsidies offered by developed countries were not attractive enough to catalyse offtake. High inventory in various countries also affected realisations. As a result, the Company's average realisations declined from ₹9.30 cr per MW in 2009-10 to ₹6.78 cr per MW in 2010-11.

The factors that strengthened the Company's marketing during the year under review comprised the following:

- Superior products from the new plant comprising cell efficiency and reflected in the Company's brand-enhancing certifications
- A reputation for service reliability
- Higher product availability (following the capacity increase from 30 MW to 60 MW), making it possible for large customers to buy a larger proportion of their requirements from a single-stop
- The Company's longstanding relationships with existing customers in Germany, South Africa and Italy, which now needs to be scaled
- The Company's wide product mix comprises diverse modules (3Wp to 245Wp), providing adequate flexibility to cater to demand from various grid and off-grid applications. The Company is enhancing its design to develop modules with high output (280 Wp and above).

The Company widened and deepened its presence in about 17 countries; it enlarged its presence in four countries that were accessed for the very first time during the year under review. Going ahead, the Company intends to enter Eastern Europe, the USA, Canada and Australia.

During 2011-12, the Company intends to strengthen its competitive edge through an increase in product availability, following a corresponding increase in production capacity (120 MW by the end of the financial year under progress).



Management discussion and analysis

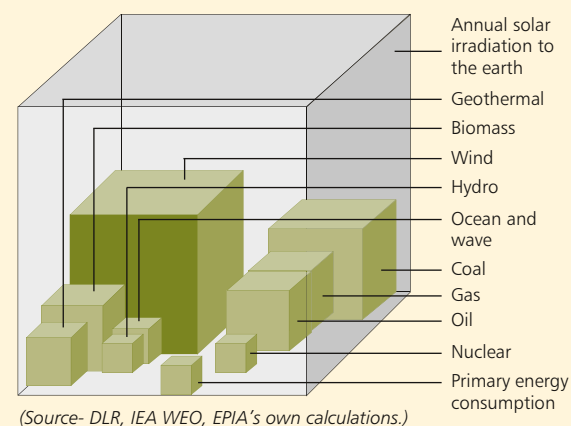
Product overview

Photovoltaic (PV) is a renewable energy technology that converts solar radiation into electricity. Photovoltaic systems use cells which comprise one or two layers of a semi-conducting material. When light shines on the cell, an electric field is created across the layers, causing electricity to flow; the greater the light intensity, the greater the electricity flow.

The most common semi-conductor material in photovoltaic cells is silicon, the second-most abundant element in the Earth's crust after oxygen. On the other hand, the earth receives enough solar energy every hour to meet the world's annual energy needs. In the last few years, global solar technology strengthened to generate electricity even on cloudy days; in fact, slightly cloudy days can result in higher energy yields than completely cloudless ones.

On an average, each square metre of land on earth is exposed to enough sunlight to generate 1,700 kWh of energy every year using available technologies. The total solar energy that reaches the Earth's surface could meet existing global energy needs 10,000 times over.

Solar irradiation versus established global energy resources



Photovoltaic technology

Solar photovoltaic cells

The photovoltaic (PV) technology converts sunlight into electricity. This is also known as solar electricity. The most common solar cell material is crystalline silicon, but newer materials for making solar cells include thin-film materials such as cadmium telluride, copper indium diselenide and amorphous silicon. These layers of semiconductor material absorb sunlight and then knock the electrons loose from their atoms, allowing them to flow through the material and produce electricity.

More recently, certain companies declared their plans to produce solar cells using polymer plastics and solar-absorbing inks printed on aluminum foil. Solar cells power everything from small calculators and remote highway signs to commercial buildings and large power plants. They also power satellites, making them responsible for the world's communications products.

concentrate sunlight on solar cells, greatly increasing the cell efficiency. The PV cells in a CPV system are built into concentrating collectors that use lens or mirrors to focus sunlight on the cells. CPV systems must track the sun to keep the light focused on the PV cells. The primary advantages of CPV systems are high efficiency, low system cost, and low capital investment to facilitate rapid scale-up; these systems use less expensive semi-conducting PV material to achieve a specified electrical output.

Solar arrays

Solar cells are generally very small, and each one may be capable of generating only a few watts of electricity. They are typically combined into modules of about 40 cells; the modules are, in turn, assembled into PV arrays up to several metres on one side. These flat-plate PV arrays can be mounted at a fixed angle facing south or they can be mounted on a tracking device that follows the sun, allowing them to capture more sunlight.

Concentrated photovoltaic systems

Concentrated photovoltaic (CPV) systems

Production process



The following steps are involved in the production of crystalline silicon:

1. Convert the metallurgical silicon into high purity polysilicon (known as solar grade silicon)
2. Form the ingots (Ingots are the long solid blocks which are cooled after polysilicon is melted

3. Slice the ingot or block into wafers
4. Transform the wafer into a solar cell
5. Connect and coat the cells to form a module

Why solar PV?

- Clean power from domestic renewable energy
- Reliable source of power
- Easier to build than conventional power plants
- Boosts national economy by creating many new solar companies and jobs.

(Source: EPIA and SOLAREIS)



The most efficient photo-voltaic technology available today is multi-junction concentrators. These are three-junction and two-junction devices that currently offer up to 44% energy conversion efficiency. Single-junction devices offer between 25% - 35% energy efficiencies through single crystal, concentrator and thin film configurations. Crystalline silicon cells offer 20% - 30% efficiencies through single crystal, monocrystalline, thick silicon film and silicon hetero-structures. Thin film technologies and emerging photo-voltaic technologies currently offer between 5% - 20% energy conversion efficiencies.

The most common solar cell material is crystalline silicon, but newer materials for making solar cells include thinfilm materials such as cadmium telluride, copper indium diselenide, and amorphous silicon. More recently, companies announced plans to produce solar cells using polymer plastics and solar-absorbing inks printed on aluminum foil. Solar cells power everything from small calculators and remote highway signs to commercial buildings and large power plants. They also power satellites in space, making them responsible for the world's communications products.

A PV module pays for itself in terms of energy in a few years (1-5 years). With a life expectancy of 30 years, 87% to 97% of the energy produced by a PV system will be free of pollution and greenhouse gas emissions. Concentrator PV energy payback is estimated at eight months in a site with a good solar resource because they use more common materials such as steel and plastic and their production plant costs are low.

Besides, life-cycle greenhouse gas emissions range from about 25-32 g/kWh and are expected to decrease to 15 g/kWh (a coal-fired power plant emits some 915 g/kWh). Using renewable power for

manufacturing and transportation could drop emissions to close to zero.

The technical life of a PV module is 30+ years during which it produces electricity without any direct CO₂ or greenhouse gas emission, providing significant environmental benefits compared with traditional fossil fuel or nuclear technologies. It is therefore one of the most obvious sources of electricity in any low carbon economy.

The advantages of PV systems comprise the following:

- Use of unlimited solar energy resource
- Relevant in all parts of the world
- Modular, as it varies from milliwatt in consumer products to gigawatt in power stations
- Generates no pollution in terms of air emissions, waste production or noise
- Requires virtually no maintenance
- Ideal for urban locations where wind energy would be impractical

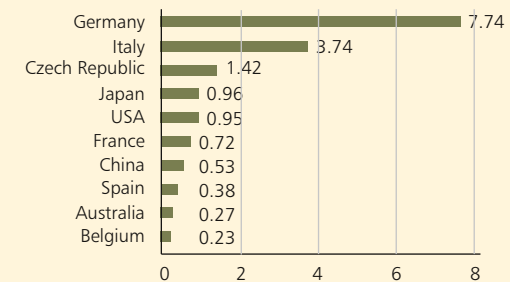
Global perspective

The global PV capacity grew from 7.2 GW in 2009 to 16.6 GW in 2010; overall thin film production increased from 1.98 GW in 2009 to around 3.5 GW in 2010 and projected at more than 5 GW in 2011 and 6 to 8.5 GW in 2012.

Global solar cell production increased from 9.86 GW in 2009 to 20.5 GW in 2010, thin film production accounting for 13.5%. Producers in China and Taiwan accounted for 59% of the global cell production in 2010 (49% in 2009). The PV industry generated US\$82 billion in global revenues in 2010, up by 105% Y/Y from US\$40 billion in 2009.

The EU leads global capacity with almost 30 GW in 2010 corresponding to about 75% of the world's total cumulative PV capacity (up from 70% in 2009). Japan (3.6 GW) and the USA (2.5 GW) are way behind; China entered the top 10 of the world's PV markets and is expected to reach its first GW in output in 2011.

Major PV country markets, 2010 (GW)



(Source: Solarbuzz 2010)

Industry drivers

The global solar PV market drivers are as follows:-

- Incentive programme led by national or state governments
- Subsidies allow customers/investors to gain a financial return on the PV system by selling solar electricity at preferential rates
- Enthusiasm of customers for green energy, especially solar
- **Local electricity tariffs:** High electricity rates encourage alternative sources of energy.
- **Sunlight conditions:** Solar electricity prices fall as sunlight levels increase.
- Marketing strategies by solar companies
- Delivery infrastructure, viz. the number of local

suppliers and qualified installers

2010 performance

The PV market witnessed burgeoning demand in 2010. The boom in the German market during the first half of the year was followed by a boom in Italy during the second half, with demand outstripping supply throughout 2010. Estimations are that total global new PV system installations reached 18.2GWp in 2010.

In 2010, the PV industry coped with shortfalls in supplies, driving firms to proactively expand capacity. As the trend towards relocating manufacturing to Asian regions continued unabated, China and Taiwan-based firms actively expanded capacities. The global PV silicon wafer capacity will reach 50.9 GWp by the end of 2011, equivalent to 62.1% growth. The global solar PV installations grew 57% in 2010 over 2009. Global solar PV installed capacity increased at a compound annual growth rate (CAGR) of 40.1% from 1,761 MW (megawatts) in 2001 to 36,712 MW in 2010. The growing prominence of Asia in the sector is primarily attributed to the colossal solar cell production in China and Taiwan, which together accounted for about 49% of the global solar cell production in 2009 and 59% in 2010.

Global photovoltaic installations are expected to grow 15% in 2011 to reach 21 GW, but demand from Europe could decline in 2011 and 2012 because of reduced incentives as major reductions in subsidy levels are occurring across major European PV markets in 2011. As European markets account for 80% of global demand, this will have a decisive effect on supply and demand in the global PV industry. However, the PV markets in India, the US, Canada, Australia, among others also have a great deal of growth momentum, which could be sufficient to offset the impact of weakening European demand.



Prices

Over the past 30 years, the PV industry achieved impressive price decreases. The price of PV modules reduced by 22% each time the cumulative installed capacity (in MW) doubled. The average cost of solar photovoltaic panel (described in terms of the dollar price of each watt peak capacity) dropped from more than US\$2 in 2009 to around US\$1.50 in 2011 and is projected to decline to US\$1 by 2013.

International geographies

Germany: In 2010, Germany again set the global PV pace with 7.74 GW installed; the country reported a target of 51 GW for 2020. With the lowest PV system prices on the market, Germany continues to attract investors. The debate on a reduction of feed-in tariffs (FiTs) in 2010 resulted in a two-fold decrease: by 13% on 1st July and 3% on 1st October. A further decline in January 2011, reduced Germany's FiTs to much lower levels compared with other EU countries. With more than 17 GW of PV systems connected to the grid, Germany is now considering self-consumption as a way of rationalising the cost of FiTs for electricity consumers and smoothen the integration of PV systems into the grid. After a slow start by the market mainly due to winter conditions in Germany, the market could take off rapidly, pushing the market towards 3 to 5 GW in 2011.

Italy: The Italian PV market reported an attractive growth in 2010. In 2011, the total installation amount is expected to range from 3 to 5 GW.

Czech Republic: With 1.42 MW connected in 2010, the Czech Republic was the third-largest global PV market, driven by a generous FiT scheme. The Czech Renewable Energy Action Plan set a limit for PV at 1,695 MW by 2020, which may have already have been surpassed today.

Japan: Before March 2011, Japan installed 960 MW in 2010 with a forecast of 28 GW for 2020. The rising electricity demand for air conditioning during summer could also result in PV being a preferred energy source.

USA: California leads the US market accounting for 60% of the country's PV installations. Given high solar irradiation and electricity prices in some states, PV could soon become competitive. A long pipeline of projects, representing up to 15 GW, await decisions before they can proceed.

Indian perspective

India promises to emerge as one of the world's largest solar energy markets. The country has the best solar resources in the world. India is blessed with ample solar radiation and most parts of the country receive 300 to 330 sunny days in a year. India receives solar energy equivalent to more than 5,000 Trillion kWh per year, which is far more than its total annual energy consumption. The country's geographical location, large population and government support will assist it in becoming one of the world's most rapidly emerging solar energy markets. Consequently, the country is becoming a favourite investment destination for both local and global players.

In 2010, the Government of India announced the Jawaharlal Nehru National Solar Mission (JNNSM) which was launched under the National Action Plan on Climate Change (NAPCC). The mission reflects the strategic shift that the government plans for promoting clean energy considering the vast untapped solar potential.

The mission envisages around 20,000 MW of grid connected and 2,000 MW of off-grid capacity additions along with developing sufficient indigenous manufacture by 2020. During 2010-11, the Ministry embarked on the following initiatives to extend

renewable energy devices and systems to different parts of the country:

Operationalised the Solar Mission: The Ministry issued guidelines for new grid projects through NVVN, small grid projects through IREDA, off-grid solar applications, technical performance and domestic content requirements of solar projects. Projects under each of the schemes were sanctioned for implementation, leading to capacity addition of more than 17 MWp during the year and a sanction of 804 MW grid connected projects and 32 MW off-grid projects.

Ladakh Project: This renewable energy initiative focused on Ladakh expects to reduce diesel consumption through micro hydel and solar photovoltaic power projects/systems, use of solar thermal systems for meeting water heating/space heating/cooking requirements and setting up greenhouses to increase vegetable production. The site survey was completed; the Rs. 473-crore projects commenced on in June 2010 and will be completed in three-and-a-half years.

Community Cook stoves Initiative: A pilot demonstration project demonstrated the potential of large efficient biomass cook stoves for community applications in *anganwadis*, mid-day meals in schools, dhabas, among others in eight states. The project is being implemented in association with State Nodal Agencies (SNAs) and NGOs, which will help set up a roadmap for upscaling installations in market mode and relevant government programmes leading to substantial wood savings.

BOOT model for cogeneration projects: Some 21 bagasse cogeneration projects were taken up through Build, Own, Operate, Transfer (BOOT) model in the cooperative sector sugar mills set up by special purpose vehicles (SPV) or independent power producers in Punjab, Maharashtra and Tamil Nadu.

Solar cities/green buildings: The Ministry operationalised the GRIHA rating scheme. An independent society 'Adarsh' was established to implement a rating system. The government mandated that new Central government and PSU buildings would go for minimum GRIHA – 3-star rating. Ten cities are to be developed as 'pilot solar cities', four as 'model solar cities' and 50 small townships/campuses as 'green renewable energy townships' under the Solar Cities Programme.

Micro-hydel scheme: The Ministry sanctioned support for 3,547 water mills in nine states. Some 1,414 water mills were commissioned. The Ministry sanctioned 28 micro hydel projects (up to 100 kW) under the new scheme announced in February 2009.

The PV drivers in India include the country's rapidly rising primary energy and electricity needs, persistent energy deficit and an overdependence on coal/oil for electricity generation. There is an enormous potential for off-grid PV deployment in India, based on real needs and benefits, in the areas of rural lighting and electrification, irrigation pump sets and power back-up for telecom towers.

Solar PV capacity approved or under construction (indicative)

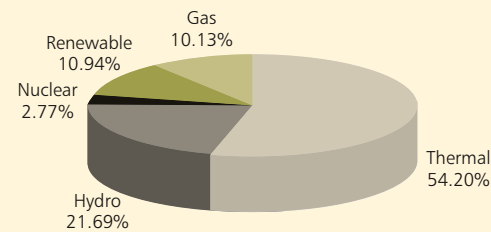
STATE	CAPACITY (MW)
Gujarat	365
Rajasthan	71
Orissa	35
West Bengal	27
Haryana	12
Punjab	6
Others	14
TOTAL	530

(Source- India Infrastructure Research)



Break-up of installed power capacity (MW) in India, 2011

Technology	Capacity installed (MW)
Thermal	93,838
Hydro	37,367
Renewable	18,842
Gas	17,456
Nuclear	4,780



(Source: MNRE Annual Report, 2010-11)

Demand for solar products in India is rising, comprising solar street lighting systems, home lighting systems, power plants, solar cookers, solar pumps and solar water heating systems. The number of solar water heating systems is projected to grow at a CAGR of about 22% between 2011 and 2013.

Many states started promoting solar-based applications through incentives and tax savings. States like Gujarat and Rajasthan formulated a transparent and progressive regulatory framework to boost the solar industry. Besides, states like Delhi, Uttar Pradesh, West Bengal, Maharashtra and Chandigarh are promoting solar energy in rural, urban and semi-urban areas.

Initiatives by the Government of India

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

Government of Haryana: The government signed six MoUs with private players to set up solar PV plants of 12 MW in the state.

Indian outlook

The solar industry in India is growing rapidly and is showing tremendous potential on the global front. Despite a deficit of 15% in overall demand and 20% in peak demand. 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.

Since a major part of India still depends on perishable sources of energy (coal, petroleum, among others), it is important to think about the future and 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.



Finance review

Accounting policy

The financial statements of Websol Energy Systems Limited were prepared on the basis of the Generally Accepted Accounting Principles and the 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. The absence of any material qualifications in the Company's Auditors' Report indicates that the financials present a true and fair view of the Company.

Review of profit and loss account (₹cr)

	2010-11 (9 months)	2010-11 (annualised)	2009-10 (15 months)	2009-10 (annualised)	% growth (annualised)
Total income	184.78	246.38	171.49	137.19	79.59
Net sales	169.15	225.54	149.62	119.69	88.44
EBITDA	27.4	36.54	28.55	22.84	59.98
PBT	5.28	7.05	(2.97)	(2.38)	396.22
PAT	1.81	2.42	(3.00)	(2.40)	200.83
Cash profit	13.58	18.10	9.45	7.56	139.42

- Total income (annualised) of the Company increased 79.59% from ₹137.19 cr in 2009-10 to 246.38 cr in 2010-11
- EBITDA increased 59.98% from ₹22.84cr in 2009-10 to ₹36.54 cr in 2010-11.
- Cash profit increased 139.42 % from ₹7.56cr in 2009-10 to ₹18.1 cr in 2010-11
- PBT increased 396.22% from ₹(2.38)cr in 2009-10 to ₹7.05cr in 2010-11
- PAT increased 200.83% from ₹(2.40)cr in 2009-10 to ₹2.42 cr in 2010-11.

- EBITDA margin decreased by 182 basis points.
- Net profit margin decreased by 273 basis points.
- Cash profit margin increased by 184 basis points.

Margin (In percentage)

	2010-11 (annualised)	2009-10
EBITDA margin	14.83	16.65
Net profit margin	0.98	(1.75)
Cash profit margin	7.35	5.51



Income analysis

Total income: The total income of the Company (operating and non-operating activities) was ₹246.38cr in 2010-11 (annualised), compared with ₹137.19 cr in 2009-10.

Income from operating activities: The operating income of the Company comprising net sales increased by 88.44 % from ₹119.69 cr in 2009-10 to ₹225.54 cr in 2010-11, due to an increase in the quantity of products sold as well as increase in domestic sales.

Income from non-operating activities: The total income from non-operating activities decreased 13.72% from ₹14.14cr in 2009-10 to ₹12.20cr

(₹9.15cr for nine months) in 2010-11. The non-operating income comprised the following:

Interest income: Total interest income (from banks and loans given to corporate bodies) decreased 17.31% from ₹4.91cr in 2009-10 to ₹4.06 cr (₹3.05 cr for nine months) in 2010-11.

Profit from foreign exchange fluctuation: The Company managed to generate a profit of ₹7.68 cr (annualised) on account of the strengthening of the Indian currency.

Cost analysis

The total expenditure increased 71.47% from ₹139.58 cr in 2009-10 to 239.33 cr in 2010-11 (₹179.49 cr in 2010-11 for nine months).

Cost components (₹cr)

Costs	2010-11 (9 months)	2010-11 (annualised)	% Total cost (annualised)	2009-10 (annualised)	% Total cost (annualised)
Operating expenses	157.38	209.84	87.67	114.36	81.93
Financial expenses	12.93	17.23	7.20	15.26	10.93
Non-cash expenses	9.19	12.25	5.11	9.96	7.14
Total	179.49	239.33	100.00	139.58	100.00

Operating expenses: Total operating expenses increased 83.49% from ₹114.36 cr in 2009-10 to ₹209.84 cr in 2010-11, as the purchases increased from ₹108.87 cr to Rs.233.86 cr on an annualised basis.

Financial expenses: Financial expenses, comprising interest paid on borrowed funds, increased 12.99% from Rs. 15.26 cr in 2009-10 (annualised) to ₹17.23 cr in 2010-11(annualised), owing to funding of new loans for capacity expansion. The interest cover was 2.12 in 2010-11.

Non-cash expenses: Total non-cash expenses (comprising depreciation) increased from ₹9.96 cr in 2009-10 (annualised) to ₹12.25 cr in

2010-11 (annualised), owing to the addition of ₹65.53 cr to gross block investment size.

Net worth

Net worth increased 17.47% from ₹152.89 cr in 2009-10 to ₹179.61 cr in 2010-11. Net worth as a proportion of employed capital increased from 33.38% to 35.55%.

Equity share capital: The equity share capital increased 4.77% from Rs. 20.97 cr in 2009-10 to ₹21.97 cr in 2010-11, owing to the issue of equity shares upon the conversion of convertible warrants

Reserves and surplus: Reserves and surplus increased

from ₹134.39 cr in 2009-10 to ₹160.01 cr in 2010-11 on account of securities premium received against the issue of equity shares upon the conversion of the convertible warrants and revaluation of the Salt Lake Land.

Loan funds

The total loan funds increased 6.12% from ₹295.04 cr in 2009-10 to ₹313.09 cr in 2010-11. The external funds, as a proportion of total capital employed,

decreased from 64.42% in 2009-10 to 61.95% in 2010-11.

Secured loans: The secured loans decreased 1.71% from ₹216.30 cr in 2009-10 to ₹212.59cr in 2010-11 and comprised 67.9% of the total borrowed funds.

Unsecured loans: The unsecured loans increased ₹27.64% from ₹78.74 cr in 2009-10 to ₹100.50 cr in 2010-11 and comprised 32.1% of the total borrowed funds.

The increase in revenues will have a direct impact on the bottom line of the Company. As such the operating profit will increase once the entire expansion comes up as projected. This can be supported from the following facts:

Particulars	30.06.2010		31.03.2011	
	15 months	Annualised	9 months	Annualised
Sales	14961	11969	16915	22554
Administrative Expenses	1419	1135	934	1245
Adm Exp as a % of Sales	–	9.48	–	5.52
Production in KW	17229	–	24549	–
Manpower Cost per MW (in lacs)	–	21.70	–	17.82

Hence it can be ascertained from the above that in-spite of the increase in the sales by about 89% on an annualised basis, the administrative expenses as a percentage of sales have in fact declined from 9.48% to 5.52% on annualised basis. Further the cost of man-power per MW of production has also declined from ₹21.70 per MW to ₹17.82 per MW on an annualised basis. All these will have a direct impact on the profitability of the Company.



Analysis of the Balance Sheet

Application of funds

Analysis of capital employed (₹cr)

Segment	Amount 2010-11	% of total capital employed	Amount 2009-10	% of total capital employe
Equity share capital	21.97	4.34	20.97	4.58
Reserves and surplus	160.01	31.66	134.39	29.34
Miscellaneous expenditure	(2.37)	0.46	(2.47)	(0.54)
Net worth	179.61	35.54	152.89	33.38
Loan funds	313.09	61.95	295.04	64.42
Deferred tax liability	12.60	2.49	10.03	2.20
Capital employed	505.31	100.00	457.96	100.00

Sources of funds

Gross block

The gross block of the Company increased 25.29% from ₹259.1 cr in 2009-10 to ₹324.6 cr in 2010-11, leading to a proportionate increase in depreciation. The return on net block stood at 6.92%, which will increase in the 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 60 MW in terms of utilities, infrastructure and buildings.

Working capital

The working capital requirement of the Company decreased from ₹182.99 cr in 2009-10 to ₹138.96 cr in 2010-11 at a rate of (24.06)%. The current ratio of the firm during the year is 2.23.

Inventory: Inventory increased from ₹69.68 cr in 2009-10 to ₹118.88 cr in 2010-11. The Company's inventory cycle increased from 84 days in 2009-10 to 201 days in 2010-11.

Debtors: The Company's debtors decreased from

₹20.29 cr in 2009-10 to ₹16.79 cr in 2010-11. Its debtors' cycle increased from 24 days of turnover equivalent in 2009-10 to 39 days in 2010-11

At present 10.93% of the total debtors of the Company are more than six months old.

Loans and advances: Loans and advances decreased from ₹109.24 cr in 2009-10 to ₹103.91 cr in 2010-11.

Cash-and-bank-balance: The Company's cash-and-bank balance increased from ₹7.15cr in 2009-10 to ₹12.63 cr in 2010-11.

Current liabilities and provisions

The total current liabilities and provisions increased 384.47% from ₹23.38 cr in 2009-10 to ₹113.26 cr in 2010-11. Sundry creditors constituted 30.44% of the total current liabilities and provisions, increasing from ₹12.56 cr in 2009-10 to 34.47 cr in 2010-11.

Taxation

Total tax provision increased from ₹Nil in 2009-10 to ₹2.58 cr in 2010-11, on account of a deferred tax provision.

** Net sales for 9 months has been annualised for calculating the cycle days.



Risk management

1 Raw material risk

The manufacturing cost of solar PV cells in particular related to solar-grade silicon wafers and other raw materials constitutes about 70-75% of the Company's manufacturing costs. Any increase in raw material costs could impact demand for solar PVs and affect the Company's prospects. According to estimates, polysilicon supply in 2011 will be sufficient to meet a downstream production capacity of 27 GW.

2 Customer concentration risk

The industry is dominated by European countries. Any downturn in these markets could impact industry growth. An excessive concentration of revenues from a particular location could also affect margins. Websol enjoys a global presence in 17 countries, with a growing demand in India. The Indian government's growing focus on indigenous procurement could increase revenues for Indian players like Websol.



3 Competition risk

Growing competition could shrink margins and market share. The demand growth for solar cells has been at an average 35% in 10 years. The Company's product and process certifications ensure regular offtake and strong relationships leading to sustainable offtake. The Company's significant increase in installed capacity has made it one of the largest SPV manufacturers in India, a hedge against increasing competition. Besides, the government's stipulation of procurement from indigenous producers strengthened its competition position for sales within India.

4 Technology risk

An inability to invest in technology Research and Development could threaten the business in the event of technology obsolescence. The Company's proposed tie-up with the international research-based organisation will make it possible to upgrade to new technologies. Besides, the Company's decision to invest in multi-crystalline technology brought it at par with the most prevalent global technology. The Company strengthened its research to enhance cell efficiency and yield.

5 Foreign exchange risk

Since the Company is primarily export-oriented with a high import of raw materials, its financials are exposed to foreign exchange fluctuations. Around 90% of its imports were transacted in US dollar, the rest in Euro.

6 Demand risk

The solar power industry is dependent on global economic conditions and the demand for solar PV's is seasonal marked by a decline in demand in countries that experience snowfall in winter. The economic condition in all major countries is 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

7 Project implementation risk

Any delay in project implementation (from 60 MW to a projected 120 MW) could lead to a slowdown in payback and opportunity loss. The Company's operations are supported by eight bankers, resulting in immediate funding. The Company's long-term relationships with suppliers also reduces the prospect of delays. The Company expects to scale capacity from 60 MW to 90 MW by mid-2011 and to 120 MW by end 2011.

8 Gearing risk

A major part of the Company's expansion was funded through debt. The Company had a gearing risk of 2.34 at the close of 2010-11. The Company expects to progressively pare its debt through net worth infusion as well as internal accruals. The Company's annual interest-cum-debt repayment liability is expected to be comfortably covered by surpluses following its expansion to 120 MW.



Directors' Report

Devs Shareholderz

Your Directors are pleased to present the Twenty First Annual Report and the Audited Accounts for the financial period ended 31st March, 2011.

Financial results

(₹ in lacs)

	2010-11	2009-10
Total Income	18478.75	17149.30
Total Expenditure	15738.22	14294.74
Profit before interest, depreciation & tax	2740.53	2854.56
Less : Interest	1292.90	1906.96
Depreciation	918.85	1244.68
Profit/Loss Before Tax	528.78	(297.08)
Less : Provision for -		
– Taxation (incl for earlier years and FBT)	(82.36)	(3.08)
– Doubtful Debts	(7.27)	–
– Deferred Tax	(257.65)	–
	181.50	(300.16)
Add : Excess I. T. provision written back	0.04	–
Profit / (Loss) After Tax	181.54	(300.16)
Add : Balance brought forward from previous year	2590.27	2890.43
Balance Carried to Balance Sheet	2771.81	2590.27



Business And Performance

Solar energy demand has grown by an average 30% per annum over the past 20 years against a backdrop of rapidly declining costs and prices. This decline in cost has been driven by economies of manufacturing scale, manufacturing technology improvements, and the increasing efficiency of solar cells.

Your company being a pioneer in the industry of manufacturing solar photovoltaic cells and modules, has been on a constant growth path over the years. The last financial year of your Company, which was of nine months and ended on 31st March' 2011, was notable in itself as the company stepped up its production capacity from 30MW to 60MW, thus doubling its total production at its state of the art manufacturing facility at Falta SEZ, West Bengal. The turnover of your company for the last accounting period was ₹16915.97 lacs as against ₹14961.87 lacs for fifteen months in 2009-10. Despite the increase in production in quantitative terms, the turnover was low mainly because of the decrease in the selling prices of finished goods in absolute terms.

The Solar industry as a whole has recently surfaced as one of the main sources of clean energy with the Govt. of major countries showing a keen interest in promoting this industry. Recently the Govt. of India has also announced the Jawaharlal Nehru National Solar Mission (JNNSM) wherein the Govt. has set a target of generating about 20GW of solar power by 2022. The Ministry of New and Renewable Energy is proposing a national renewable portfolio standard (RPS) requiring 10% of Indian electricity to come from renewable by 2012 and 20% by 2020. The overall global PV installation increased nearly six times from 2004 and is expected to grow faster. Solar photovoltaic power is a viable and reliable technology with a significant potential for long term growth in nearly all regions.

Expansion Capacity

In line with its expansion plans as projected and embarked upon, your company is pleased to announce that with our relentless efforts we have

achieved our target expansion plan of 60MW by the end of February 2011. The company continues to transcend the growth trajectory and commits to achieve the 120 MW installed production capacity in due time as targeted to enhance revenues and give a strong competition in this over expanding market scenario.

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. O.P. Agarwal and Mr. S.K. Pal 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.

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 period ended 31st March, 2011, 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 period as at 31st March, 2011 and of the profit 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.

Listing Of Securities In Stock Exchanges

The shares of the Company are listed on Bombay Stock Exchange 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 period 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 period 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 period 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 period under review.

By order of the Board,
For Websol Energy Systems Ltd.

Registered office:

9, A.J. C. Bose Road, Ideal Centre, 5th Floor,
Kolkata - 700 017
Date: 28th May, 2011

S. L. Agarwal
Managing Director

S. Vasanthi
Director



Annexure A to the Directors' 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 period ended 31st March 2011.

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 and Modules.

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 | – 1994-95 |
| (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 plans of action. | – Not Applicable |

C. Foreign exchange earnings and outgo

(₹ in Lacs)

Particulars	31.03.2011	30.06.2010
(a) Foreign Exchange earnings of the Company	16273.41	15316.45
(b) Foreign Exchange Outgo		
(i) C. I. F value of import of raw materials, Components, Spare parts and Capital Goods.	25776.41	19653.83
(ii) Others	430.83	494.30

By order of the Board,
For Websol Energy Systems Ltd.

S. L. Agarwal
Managing Director

S. Vasanthi
Director

Date: 28th May, 2011

Annexure B to the Directors' 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 the same 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
Mr. Sameer Agarwal	Non-Executive Director - Promoter
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 Directorships and Committee memberships/Chairmanships		
	Board	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. S. L. Agarwal	04	Present	1	–	–
Mr. Sameer Agarwal	01	Absent	10	–	–
Mrs. S. Vasanthi	04	Present	–	–	–
Mr. S. K. Pal	05	Present	2	3	2
Mr. O. P. Agarwal	05	Present	1	1	1
Mr. S. P. Bangur	03	Present	3	2	–

During the period ended 31st March 2011, 05 (Five) Board meetings were held on 11.08.2010, 30.08.2010, 11.11.2010, 30.11.2010, and 12.02.2011.



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 31st March, 2011.

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 ;

Constitution	No. of meetings held	No. of meetings attended
Mr. S. K. Pal - Non- Executive –Independent –Chairman	4	4
Mr. O. P. Agarwal - Non- Executive - Independent	4	4
Mr. S. P. Bangur- Non- Executive –Independent	4	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

(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 four Audit Committee meetings were held on 11.08.2010, 30.08.2010, 11.11.2010 and 12.02.2011. The composition of the Audit Committee and attendance of its meetings are given below:

Mr. O. P. Agarwal, Mr. S.K. Pal and Mr. S. P. Bangur. Mr. O. P. Agarwal is the Chairman of the 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 the Director	Remuneration paid/ payable for 2010-11			Service contract		
	Salary (₹)	Benefits (₹.)	Sitting fees (₹)	Pay scale per month (₹)	Period	Effective from
Mr. S.L. Agarwal	4,50,000/-	33,300/-	–	50,000/-	5yrs	01.09.2007
Mrs. S. Vasanthi	2,86,500/-	22,950/-	–	17,500 - 700-21,000/-	5yrs	01.03.2007
Mr. S. K. Pal	–	–	42,000/-	–	–	–
Mr. O. P. Agarwal	–	–	58,000/-	–	–	–
Mr. S. P. Bangur	–	–	30,000/-	–	–	–

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 ₹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

51 Nos. of members' complaints / queries were received during the period under review and no complaints/ Queries was pending as on 31.03.2011. No request for transfer was pending for more than 30 days as on 31.03.2011.

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
4.	Mr. Sameer Agarwal	17600

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. O.P. Agarwal is a qualified Chartered Accountant since 1970. He possesses a wide experience in the areas of accounts, taxation, audit, corporate re-structuring, merger, acquisition, amalgamation and project financing.

The details of Directorship in other Companies are as follows:

Name of Companies	Nature of Interest
M.B. Credit Pvt 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 ex-banker engaged as financial adviser and controller for different companies. His long association with the corporates 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

General Body Meetings

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

Year	Time	Type	Date	Venue
2009-10	11.00 A.M.	A.G.M.	29.12.2010	Gyan Manch, 11, Pretoria Street Kolkata 700 054
2008-09	11.00 A.M.	A.G.M.	30.9.2009	Hotel Indi Smart, the Tower X-1, 8/3, Block - EP Sector - V, Salt Lake Electronics Kolkata 700 091.
2007-08	11.00 A.M.	A.G.M.	27.9.2008	Rang Durbar Hall, Swabhumi the Heritage, Plaza, 89C, Moulana Abul Kalam Azad Sarani, Eastern Bypass Connector, Kolkata 700 054.

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 minimize the risk and the same are reviewed and revised as per the needs to minimize 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. 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: 07.09.2011 Time: 10.00 A. M. Webel Bhawan, Block EP & GP, Sector – V, Salt Lake Electronics Complex, KOLKATA – 700 091

b. Dividend payment : Directors have not recommended any dividend for the Financial Year ended on 31.03.2011.

c. Date of Book Closure : 02nd September to 07th September 2011

d. Financial year : July, 2010 – March, 2011

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:

Months	BSE		NSE	
	High	Low	High	Low
July'10	159.60	133.60	157.65	129.60
Aug'10	143.00	122.25	143.00	122.15
Sept'10	159.00	121.00	155.00	120.75
Oct'10	140.55	116.05	141.95	112.15
Nov'10	130.00	95.00	129.90	90.15
Dec'10	117.90	95.50	119.70	96.00
Jan.'11	100.90	80.00	100.90	79.00
Feb.'11	85.00	56.00	88.00	56.00
March'11	92.00	66.00	90.00	66.00

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 July'2010 : ₹151.20 per share
 On 31st March'2011 : ₹71.00 per share
 Change : (-) 53.04%



Indices (BSE Sensex) on Closing Basis:

On 01st July'2010 : 17,509.33
 On 31st March'2011 : 19,445.22
 Change : (+) 11.06%

h. Registrar and Transfer Agent : M/s. R & D Infotech Pvt. Ltd.

7A, Beltala Road
 First Floor,
 Kolkata -700 026.
 Phone: (033) 2419-2642, 2463-1657
 Fax : (033) 2469-2642, 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 :

No. of Shares Held		Shareholders		Shares	
From	To	Number	% to total holders	Number	% to total Capital
1	500	8134	88.25%	1181654	5.38%
501	1,000	547	5.93%	440917	2.01%
1,001	2,000	245	2.65%	377980	1.72%
2,001	3,000	81	0.88%	208657	0.95%
3,001	4,000	31	0.34%	115054	0.52%
4,001	5,000	25	0.27%	118105	0.54%
5,001	10,000	65	0.71%	479828	2.18%
10,001	50,000	55	0.60%	1191211	5.42%
50,001	1,00,000	9	0.10%	704255	3.21%
1,00,001	And above	25	0.27%	17155405	78.07%
Total		9217	100.00%	21973066	100.00%

k. Share holding pattern as on 31.03.2011:

Sl. No.	Category	No. of shares held	% of holding
1.	Promoters & Associates	8067422	36.72%
2.	Mutual Funds and UTI	7800	0.035%
3.	Banks, Financial Institutions, Insurance Companies (Central/State Govt, Institutions, Govt. Institutions)	240	0.001%
4.	FIs	6089531	27.71%
5.	Private Corporate Bodies	3014685	13.72%
6.	Indian Public	4193388	19.08%
7.	NRIs / OCBs	600000	2.73%
	Total	21973066	100.00%

l. Dematerialisation of Shares : 79.40% and 5.88% 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 31.03.2011

m. Outstanding Instruments : The Company has issued convertible warrants amounting to Rs. 3000.00 Lacs during the last accounting period to Promoter Group Company and Strategic Investor. The Company has in the last accounting period received upfront application money for warrants from the Promoter Group Company and in the reporting period has received there against the balance amount against which Equity Shares amounting to ₹750.00 Lacs (including securities premium) were allotted upon conversion to the said Promoter Group Company. Application money amounting to ₹282.00 Lacs received from the strategic investor against convertible warrants and remaining un-allotted upon their non exercise of the option to convert the said warrants into Equity Shares within a period of 18 months from the date of allotment of warrants has been forfeited.

n. Plant Location :

Unit	Address
Falta SEZ Unit	Sector – II, Falta Special Economic Zone, Falta, 24 Pgs. (South), PIN – 743504, W.B. (India)

o. Address for Correspondence : Websol Energy Systems Ltd.
 9, A.J.C. Bose Road,
 Ideal Centre, 5th Floor,
 Kolkata – 700 017.
 Phone Nos. (033) 4023-9031
 Fax Nos. (033) 4023-9011
 E-Mail: investors@webelsolar.com
 Website: www.webelsolar.com



Certification by the Managing Director – Chief Executive Officer and Chief of Finance & Accounts – Chief Financial Officer of the Company.

The Board of Directors,
M/s. Websol Energy Systems Ltd.
9,A.J.C. Bose Road
Ideal Centre
5th Floor
Kolkata – 700 017.

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 period ended 31st March 2011 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 period ended 31st March 2011 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 period ended 31st March 2011:

Place: Kolkata

Sd.

Sd.

Date: 30.07.2011

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 July 2011. 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 period ended 31st March 2011.

Place: Kolkata

Date: 30th July 2011

S.L. Agarwal

Managing Director & CEO





Financial Section

Auditor's Report

To the members of
WEBSOL ENERGY SYSTEMS LIMITED

We have audited the attached Balance sheet of **WEBSOL ENERGY SYSTEMS LIMITED** as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for nine 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 mis-statements. 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 31st March, 2011 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 so 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 31st March, 2011;
 - b. in the case of the Profit & Loss Account of the Profit of the Company for nine months

- period ended on that date ; and
 - c. in the case of the Cash Flow Statement, of the cash flow of the Company for nine 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.

2.2 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.

2.3 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.

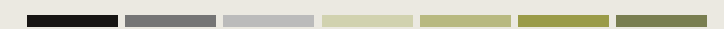
For Agarwal Sanganeria & Co.
Chartered Accountants
Firm Regn. No. 317224E

P. K. Agarwal
Partner

C. A. Membership No. 53496

Kolkata

Dated, the 28th day of May, 2011.



Annexure to Auditor's 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 31st March, 2011.

- 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.
- 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.
- iii) The Company has not granted secured or unsecured loan to any of the party covered under section 301 of the Companies Act, 1956. The Company, during the period under report, had taken unsecured loans from four companies as covered in the register maintained under section 301 of the Companies Act, 1956. The balance outstanding at the beginning of the year was NIL and after considering the amount taken of ₹3605.00 lacs and amount repaid ₹1160.00 lacs and interest ₹58.73 lacs (net of Tax deducted at source), the balancing outstanding as at the date of the balance sheet was ₹2503.73 Lacs. 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.
- iv) In our opinion, and according to the information and explanations given to us, there are adequate internal 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.
- 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. The contracts and arrangements as per Section 299 required to be entered in the register under Section 301 have been properly entered.
- 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 or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise.
- vii) The Company has a competent team of staffs and officials for conducting internal audit in place. It was observed that all transactions are carried out under the personal supervision of senior officials and/or the Managing Director of the Company.
- viii) The rules regarding the maintenance of cost records are not applicable to the Company.
- 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 31st March, 2011 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 account of any dispute except the following :

Annexure to Auditor's Report (Contd.)

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	114.25	
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	7.04	
Central Excise Act, 1944	Excise Duty & Penalty	Commissioner - Appeals	30.73	
Central Excise Act, 1944	Excise Duty & Penalty	Commissioner - Appeals	10.85	
Central Excise Act, 1944	Excise Duty	Commissioner - Appeals	20.08	

- 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 nine months period covered by audit as well as in 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 in the normal course of its business and substantial part of investment held by it in the unquoted Equity Shares of certain Companies and also ordinary shares of erstwhile Joint Venture Company at Singapore has been sold by the Company during the period. Proper records have been maintained by the Company for such disposals and as reported timely entries have been made therein. The remaining shares have been held by the company in its own name as on the date of 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 as verified from the relevant books and records of the Company, it was ascertained that the term loan obtained by the Company was applied for the purpose for which the loans were obtained.
- 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 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 not raised any money by way of fresh issues from the public during the period under review and hence, any disclosure regarding its end use is not applicable.
- 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 Sanganeria & Co.
Chartered Accountants
Firm Regn. No. 317224E

P. K. Agarwal
Partner

C. A. Membership No. 53496

Kolkata

Dated, the 28th day of May, 2011.

Balance Sheet As at 31st March, 2011

(₹ in lacs)

Schedule	31.03.2011	30.6.2010
SOURCES OF FUNDS		
Shareholder's Funds		
Share Capital	2,197.31	2,097.31
Reserves & Surplus	16,001.73	13,439.27
Total Shareholders Fund	18,199.04	15,536.58
Loan Funds		
Secured Loans	21,259.07	21,629.66
Unsecured Loans	10,050.29	7,874.16
Total Loan Funds	31,309.36	29,503.82
Deferred Tax Liabilities	1,260.86	1,003.21
Total Funds Employed	50,769.26	46,043.61
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	32,464.46	25,911.65
Less : Depreciation	3,325.71	2,429.24
Net Block	29,138.75	23,482.41
Capital Work in Progress	6,037.72	502.78
Investments	1,458.69	3,512.58
Current Assets, Loans and Advances		
Inventories	11,888.67	6,968.48
Sundry Debtors	1,679.96	2,029.04
Cash & Bank Balances	1,263.17	715.86
Loans & Advances	10,391.93	10,923.79
	25,223.73	20,637.17
Less : Current Liabilities and Provisions	12	
Current Liabilities	10,871.10	1,783.28
Provisions	455.88	554.74
	11,326.98	2,338.02
Net Current Assets	13,896.75	18,299.15
Miscellaneous Expenditure	237.35	246.69
(To the extent not written off or adjusted)		
Total Assets (Net)	50,769.26	46,043.61
Notes on Accounts	21	

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

For Agarwal Sanganeria & Co.
Chartered Accountants
Firm Regn No. 317224E

P. K. Agarwal
Partner
Membership No. 53496
Kolkata, 28th May, 2011

N. Didwania
Company Secretary

S. Vasanthi
Director
(Technical & Marketing)

S. L. Agarwal
Managing Director

On behalf of the Board of Directors

Profit and Loss Account For the period ended 31st March, 2011

(₹ in lacs)

Schedule	31.03.2011	30.6.2010
INCOME		
Sales	16,915.97	14,961.87
Other Income	915.35	1,779.53
Increase/(Decrease) in Stock of Finished Goods and Work in Process	647.43	407.90
	18,478.75	17,149.30
EXPENDITURE		
Raw Materials Consumed	13,413.45	11,595.17
Stores & Spares Consumed	575.33	254.44
Power & Electric Charges	482.36	550.03
Managing Director's Remuneration	4.83	8.08
Provision for & Payment to Employees	328.23	467.61
Administrative, Selling & Other Expenses	934.02	1,419.41
	15,738.22	14,294.74
Profit Before Interest & Depreciation	2,740.53	2,854.56
Interest	1,292.90	1,906.96
Profit Before Depreciation	1,447.63	947.60
Depreciation	918.85	1,244.68
Profit Before Tax	528.78	(297.08)
Provision for Doubtful Debts	(7.27)	–
MAT credit available	(71.35)	–
Provision for Taxation for earlier years	(11.01)	(3.08)
Excess Provision for Income Tax written back	0.04	–
Deferred Tax Adjustment	(257.65)	–
Profit After Tax	181.54	(300.16)
Balance brought forward from previous year	2,590.27	2,890.43
Balance carried to Balance Sheet	2,771.81	2,590.27
Earning Per Share (Basic)	0.85	(1.43)
Earning Per Share (Diluted)	0.85	(1.43)
Notes on Accounts	21	

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

For Agarwal Sanganeria & Co.
Chartered Accountants
Firm Regn No. 317224E

P. K. Agarwal
Partner
Membership No. 53496
Kolkata, 28th May, 2011

N. Didwania
Company Secretary

S. Vasanthi
Director
(Technical & Marketing)

S. L. Agarwal
Managing Director

On behalf of the Board of Directors

Schedules to the Balance Sheet As at 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
1 SHARE CAPITAL		
Authorised		
3,00,00,000 (1,50,00,000) Equity Shares of ₹10/- each	3,000.00	3,000.00
Issued,Subscribed and Paid up		
1,12,86,533 (1,02,86,533) Equity shares of ₹10/- each fully paid up in cash	1,128.66	1,028.66
99,86,533 (99,86,533) Equity shares of ₹10/- each fully paid up issued as Bonus Shares by capitalisation of Securities Premium	998.65	998.65
700,000 (700,000) Equity shares of ₹10/- each fully paid for consideration other than cash	70.00	70.00
	2,197.31	2,097.31
2 RESERVES & SURPLUS		
Capital Reserve		
As per last account	328.38	
Add: Application Money against Shares Warrants Forfeited	282.00	610.38
Application Money against Shares Warrants		–
		469.50
Securities Premium Account		
As per last account	8,877.42	
Add : Premium on Share Capital Issued during the period	650.00	
	9,527.42	
Less: Transfer to FCCB Premium Redemption Reserve	311.30	9,216.12
		8,877.42
Revaluation Reserve		1,918.42
FCCB Premium Redemption Reserve		
As per last account	1,173.70	
Add: Transfer from Security Premium Account	311.30	1,485.00
Credit Balance in Profit & Loss Account		2,771.81
		2,590.27
	16,001.73	13,439.27
3 LOAN FUNDS : Secured Loans		
a. Term Loans from Banks (Repayable within next one year ₹2677 Lacs)	11,718.32	12,309.64
b. Export Packing Credits from Banks	6,283.50	6,167.86
c. Cash Credits / Working Capital Demand Loans from Banks	1,076.22	1,142.98
d. Buyers Credit		
Foreign Currency Loans from Overseas Banks	2,181.03	2,009.18
	21,259.07	21,629.66

Notes:

- 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 Salt Lake, Kolkata and Falta SEZ and guaranteed by Managing Director and Corporate Guarantee of Promoter Company.
- Foreign Currency Loans in the form of Buyer's Credit from overseas banks are secured against letter of credits issued by the working capital bankers of the Company.

Schedules to the Balance Sheet As at 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
4 LOAN FUNDS : Unsecured Loans		
From Joint Stock Companies (Including Interest Accrued)	2,503.73	–
Foreign Currency Convertible Bonds (including effect of exchange fluctuation)	7,546.56	7,874.16
	10,050.29	7,874.16

5 FIXED ASSETS

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 1.7.2010	Addition during the period	Sales/ Adjustments during the period	Cost as at 31.03.2011	Upto 30.6.2010	For the period	Less : Sale/ Adjustment	Up to 31.03.2011	As at 31.03.2011	As at 30.6.2010
Leasehold Land	64.22	1,918.41	–	1,982.63	–	–	–	–	1,982.63	64.22
Building	3,748.38	514.37	–	4,262.75	224.56	95.98	–	320.54	3,942.21	3,523.82
Plant & Machinery	21,629.60	4,019.15	–	25,648.75	2,090.29	792.02	–	2,882.31	22,766.44	19,539.31
Furniture & Fixture	264.24	55.79	–	320.03	32.40	13.00	–	45.40	274.63	231.84
Computer	69.89	9.23	–	79.12	60.07	7.59	20.02	47.64	31.48	9.82
Office Equipment	24.50	28.00	–	52.50	4.21	2.38	–	6.59	45.91	20.29
Motor Vehicles	110.82	25.00	17.14	118.68	17.71	7.88	2.36	23.23	95.45	93.11
Grand Total	25,911.65	6,569.95	17.14	32,464.46	2,429.24	918.85	22.38	3,325.71	29,138.75	23,482.41
Previous Year	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	

Note:

- Leasehold Land of Salt Lake unit has been acquired under a lease of 90 years with a renewal option.
- Leasehold Land of Falta SEZ unit has been acquired under a lease of 15 years with a renewal option.
- Addition to Leasehold Land during the period has been due to revaluation of Land at Salt Lake.
- Depreciation amount of ₹20.02 lacs on computers has been written back during the period.

	31.03.2011	30.6.2010
6 CAPITAL WORK IN PROGRESS		
For SEZ Unit Phase II		
Buildings	1,062.32	215.59
Plant & Machinery	4,975.40	–
Pre-Operative Expenses	–	287.19
	6,037.72	502.78

7 INVESTMENTS

a) Long Term Investments (At cost)		
Other than Trade (in unquoted shares)		
9600 Ordinary Shares of Singapore Dollar 1.00 each fully paid up in Micro Power Trading Co. Pte Ltd, Singapore (Previous Year 16600 Ordinary Shares)	1,453.69	3,112.58

Schedules to the Balance Sheet As at 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
7 INVESTMENTS (Contd...)		
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. Nil Equity Shares (Previous Year 19,000 Equity Shares)	–	19.00
Adhunik Gases Ltd. Nil Equity Shares (Previous Year 20,000 Equity Shares)	–	20.00
Gravity Towers (P) Ltd. Nil Equity Shares (Previous Year 80,000 Equity Shares)	–	80.00
GTZ India (P) Ltd. Nil Equity Shares (Previous Year 30,000 Equity Shares)	–	30.00
Kosh Projects (P) Ltd. Nil Equity Shares (Previous Year 22,000 Equity Shares)	–	22.00
Micro Management (P) Ltd. Nil Equity Shares (Previous Year 15,000 Equity Shares)	–	15.00
Narsingh Goods Pvt. Ltd. Nil Equity Shares (Previous Year 21,000 Equity Shares)	–	21.00
Ran International Pvt. Ltd. Nil Equity Shares (Previous Year 55,000 Equity Shares)	–	55.00
Singal Bright & Forging Pvt. Ltd. Nil Equity Shares (Previous Year 68,000 Equity Shares)	–	68.00
True Mercantile (P) Ltd. Nil Equity Shares (Previous Year 70,000 Equity Shares)	–	70.00
Mutual Fund - Units of Principal Templeton	5.00	–
Total Current Investments	5.00	400.00
	1,458.69	3,512.58
8 INVENTORIES		
Raw materials	8,575.59	4,432.83
Finished goods	976.76	1,228.85
Work in process	2,136.32	1,236.80
Stores and Spares	200.00	70.00
	11,888.67	6,968.48
9 SUNDRY DEBTORS		
(Unsecured, considered good & net of Bills discounted)		
Debts over six months	190.84	183.35
Less : Provision for Doubtful Debts	7.27	–
	183.57	183.35
Other Debts	1,496.39	1,845.69
	1,679.96	2,029.04

Schedules to the Balance Sheet As at 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
10 CASH AND BANK BALANCES		
Cash in hand	2.21	3.16
Balance with Scheduled Banks		
On Current, Cash Credit and EEFC Accounts	21.55	32.73
On Term Deposit / Margin Accounts	1,230.10	669.59
Unpaid Dividend Accounts	9.31	10.38
	1,263.17	715.86
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)	975.35	6,265.27
Loans to Others	709.63	–
Advances for Capital contracts	952.73	1,965.69
Advances for Silicon Wafers	5,376.42	1,040.73
Other Advances	1,759.05	827.42
Advance / Provisional Payment of Income Tax	165.98	288.97
Income Tax Deducted at Source	211.42	186.08
Advance Payment of Fringe Benefit Tax	5.98	10.48
MAT Credit Available	–	71.35
Deposits	235.37	267.80
	10,391.93	10,923.79
12 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	3,447.38	1,256.22
Sundry Creditors for capital contracts	6,114.82	385.88
Other liabilities	106.05	109.02
Advance against Land JV	200.00	–
Advance from Customers	644.36	21.78
Overdrawn balance in Current Bank Account	349.18	–
Unpaid Dividend	9.31	10.38
	10,871.10	1,783.28
Provisions		
For Income Tax	350.00	444.86
For Fringe Benefit Tax	5.88	9.88
For Excise Duty	100.00	100.00
	455.88	554.74
	11,326.98	2,338.02

Schedules to the Profit and Loss Account For the period ended 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
13 SALES		
Exports :		
Finished Goods	16,293.28	14,785.74
Discount Allowed	(3.98)	(30.72)
Exchange Fluctuation	(57.26)	(10.43)
	16,232.04	14,744.59
Domestic Sales	683.93	217.28
	16,915.97	14,961.87
14 OTHER INCOME		
Interest from Banks	44.85	46.49
Interest on Loan to Overseas Corporate Bodies	237.94	566.88
Interest from Others	21.82	-
Exchange Fluctuation Profit	575.83	1,154.95
Sundry Balances written Back	0.15	3.35
Miscellaneous Income	34.76	7.86
	915.35	1,779.53
15 INCREASE/(DECREASE) IN STOCKS		
Opening Stock :		
Finished Goods	1,228.85	741.83
Work-in-process	1,236.80	1,315.92
	2,465.65	2,057.75
Closing Stock :		
Finished Goods	976.76	1,228.85
Work-in-process	2,136.32	1,236.80
	3,113.08	2,465.65
	647.43	407.90
16 RAW MATERIALS CONSUMED		
Opening Stock	4,432.83	2,673.15
Add : Purchases	17,540.43	13,609.54
Carriage Inward	220.46	144.62
Processing Charges	-	3.87
Exchange Fluctuation	(204.68)	(403.18)
	21,989.04	16,028.00
Less : Closing Stock	8,575.59	4,432.83
Consumption	13,413.45	11,595.17
17 STORES & SPARES CONSUMED		
Opening Stock	70.00	70.00
Add : Purchases	705.33	254.44
	775.33	324.44
Less : Closing Stock	200.00	70.00
Consumption	575.33	254.44

Schedules to the Profit and Loss Account For the period ended 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
18 PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries, Allowances, Bonus & Gratuity	292.56	415.45
Contribution to P.F., E.S.I. & other Funds	21.69	24.22
Welfare Expenses	13.98	27.94
	328.23	467.61
19 ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Insurance	24.42	32.07
Repairs and Maintenance		
- Building	-	1.80
- Plant and Machinery	15.75	26.77
- Others	13.87	15.90
	29.62	44.47
Rent	3.37	33.15
Rates and taxes	0.98	11.82
Carriage Outward	265.11	197.35
Other Selling Expenses	57.48	85.98
Travelling and Conveyance	95.32	164.32
Bank Commission & Charges	144.70	339.55
Prior Period Expenses	5.35	92.75
Loss on sale of fixed assets	0.45	2.49
Preliminary Exp W/off	59.34	74.88
Testing Charges	15.70	49.15
Miscellaneous expenses	232.18	285.88
Donation	-	5.55
	934.02	1,419.41
20 INTEREST		
On Fixed Loans	383.41	422.40
On Packing Credits & Cash Credits	578.32	1,084.75
On Bills Discounting	261.44	205.04
On Others	69.73	194.77
	1,292.90	1,906.96

Schedule forming part of the Accounts

21 NOTES ON ACCOUNTS

1. Summary of significant Accounting Policies.
 - a) The financial statements of the company 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, if any. Accordingly, consumption of Raw Materials and Stores & Spares also includes the sale thereof, if any.
 - 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 cash generating unit, 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 costs are charged as an expense in the year in which these are incurred.
2. Estimated amounts of Capital Contracts as at 31st March, 2011 and not provided for ₹5508.73 Lacs (Previous period ₹4269.14 Lacs). Total Advances paid there against ₹952.73 Lacs including ₹313.63 in foreign currency (Previous period ₹425.85 Lacs in Foreign Currency)

Schedule forming part of the Accounts

17 NOTES ON ACCOUNTS

3. Contingent Liabilities –
 - a) Outstanding Bank Guarantees ₹97.55 Lacs (Previous period ₹217.92 Lacs).
 - b) Outstanding letters of Credit ₹271.02 Lacs (Previous period ₹2,336.44 Lacs).
 - c) Outstanding Bills Discounted with banks ₹2,343.91 Lacs (Previous period ₹3,323.10 Lacs).
 - d) The Company's product, namely, Solar Photovoltaic Modules carry a warranty of 25 years as per International Standards. A 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 company not acknowledged as debts ₹763.60 lacs (Previous period ₹739.70 Lacs).
 - f) Outstanding Capex Letter of Credits ₹4,327.50 Lacs (Previous period ₹ NIL) for import of Capital Goods.
4. The Company has called back a substantial part of the investment made in the erstwhile Joint Venture named Micro Power Trading Co. Pte Ltd during the period.
5. The amount remaining in the 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 there-for as at the period end.
6. The outstanding Unsecured Loans of US\$ 10.582 mn paid to Micro Power Trading Co. Pte Ltd, Singapore against the silicon wafer supply contract has been converted into trade advances during the period which will be adjusted against the monthly supplies of raw materials.
7. The Company has issued convertible warrants amounting to ₹3000.00 Lacs during the last accounting period to Promoter Group Company and Strategic Investor. The Company has in the last accounting period received upfront application money for warrants from the Promoter Group Company and in the reporting period has received there-against the balance amount against which Equity Shares amounting to ₹750.00 Lacs (including securities premium) were allotted upon conversion to the said Promoter Group Company.
8. Application money amounting to ₹282.00 lacs received from the strategic investor against convertible warrants and remaining un-allotted upon their non exercise of the option to convert the said warrants into Equity Shares within a period of 18 months from the date of allotment of warrants has been forfeited.
9. During the period under review, the Company has started the commercial production of its 30MW unit situated at Falta SEZ by the up-gradation of its earlier 10MW unit by adding new machines. Now the total annualised production capacity of the Company stands at 60MW.
10. 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, there are no Micro, Small and Medium concerns whose payments have been outstanding for a period exceeding the prescribed time as per the said Act. Further the Company has no information from the other suppliers under the Act and accordingly the disclosure as required in Section 22 of the said Act could not be given in these accounts.
11. Provision for Deferred Tax Liabilities has been 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 period end. The deferred tax liability at the period end is on account of difference of carrying amount of fixed assets in the financial statements and the income tax computation.
12. 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.

Schedule forming part of the Accounts

21 NOTES ON ACCOUNTS

13. Sundry Debtors over six months includes ₹69.18 lacs (Previous year ₹69.46 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.
14. 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.
15. Amounts paid / payable to Auditors –
- Audit fees ₹1,50,000/- (Previous year ₹2,50,000/-), plus the applicable service tax.
 - In other capacity in respect of certification work ₹37,500/- (Previous year ₹62,500/-) plus the applicable service tax.
 - For Audit under section 44AB of the Income Tax Act, 1961 ₹50,000/- (Previous year ₹50,000/-), plus the applicable service tax.
16. Balances of Debtors, Creditors, certain Bank balances, Loans and Advances etc are subject to confirmation and reconciliation with respect to parties.
17. 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 and Modules and the relevant particulars thereof are as under:

	31.03.2011		30.06.2010	
	Qty.(KW)	₹ in lacs	Qty.(KW)	₹ in lacs
i) Licensed Capacity	120,000.00	–	40,000.00	–
ii) Installed Capacity (as certified by the management)	60,000.00	–	40,000.00	–
iii) Actual Production	24,549.62	–	17,229.40	–
iv) Sales	24,924.38	16,915.97	16,093.80	14,961.87
v) Opening Stock				
Finished Goods	1,788.72	1228.85	653.12	741.83
Work-in-Progress	–	1236.80	–	1315.92
vi) Closing Stock				
Finished Goods	1413.96	976.76	1788.72	1228.85
Work-in-Progress	–	2136.32	–	1236.80

b) Raw Materials Consumed

	Unit	31.03.2011		30.06.2010	
		Qty.(KW)	₹ in lacs	Qty.(KW)	₹ in lacs
Silicon Wafers	Pcs	5,915,548.00	9,951.44	62,38,425.00	9340.48
Silver & Aluminium Paste	Kgs	14,093.00	1,689.61	7,851.00	652.03
Ethyl Vinyl Acetate	S.m	147,127.43	245.96	2,02,773.00	342.09
Isopropyl Alcohol	Ltrs.	60,730.00	48.62	87,475.00	62.60
Tempered Glass	Pcs	38,777.00	368.25	79,343.00	569.43
Tedlar	S.m.	57,274.77	208.16	1,29,688.37	457.21
Others*	Pcs	–	901.41	–	171.33

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

Schedule forming part of the Accounts

21 NOTES ON ACCOUNTS

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

	31.03.2011		30.06.2010	
	₹ in lacs	%	₹ in lacs	%
1. Raw Materials				
- Imported	1,2928.82	96.39	11017.73	95.02
- Indigenous	484.63	3.61	577.44	4.98
Total	1,3413.45	100.00	11595.17	100.00
2. Stores & Spares				
- Imported	375.80	65.32	57.34	22.53
- Indigenous	199.54	34.68	197.10	77.47
Total	575.33	100.00	254.44	100.00

d) CIF value of imports

	(₹ in lacs)	
	31.03.2011	30.06.2010
Raw Materials	17,495.07	13594.87
Capital Goods	7,771.05	6015.79
Components & Spares	510.29	43.17

e) Expenditure in Foreign Currency (including outstanding liability)

	31.03.2011	30.06.2010
Travelling	11.66	52.62
Bank Charges	10.67	2.76
Interest on Foreign Currency Loans	365.57	386.08
Testing Charges	9.51	38.48
Advertisement in Foreign Journals	0.19	1.57
Professional & Consultancy Charges	30.44	8.16
Listing Fees	2.79	4.63

f) Earning in Foreign Currency (including outstanding)

	31.03.2011	30.06.2010
F.O.B. Value of Exports	1,6035.47	14749.57
Interest on Unsecured Loans	237.94	566.88

18. Director's Remuneration:

	31.03.2011	30.06.2010
Salary & Medical Re-imbursements Including PF contribution & bonus		
Mr. S.L. Agarwal, Managing Director	6.44	8.08
Mrs S. Vasanthi, Director (Technical & Marketing)	4.12	3.88

19. 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.

Schedule forming part of the Accounts

21 NOTES ON ACCOUNTS

20. Earnings Per Share:

		31.03.2011	30.06.2010
a) Profit After Tax	₹ in Lacs	181.54	(300.16)
b) Weighted Average number of equity shares of ₹10 each			
Total number of Shares	Nos.	21973066	20973066
c) Earning Per Share (Basic)	(₹)	0.85	(1.43)
d) Profit After Tax for Diluted EPS	₹ in Lacs	181.54	(300.16)
e) Weighted Average number of equity shares for Diluted EPS	Nos.	21973066	20973066
f) Earning Per Share (Diluted)	Nos.	0.85	(1.43)

21. 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. 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
Tysom Agencies Pvt Ltd	Associate
Chiranji Lall Agarwal HUF	Associate
Sohan Lal Agarwal HUF	Associate
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.

Nature of transactions	Associates	
	31.03.2011	30.06.2010
Interest on Unsecured Loan taken	65.26	3.07
Unsecured Loans Taken	3605.00	135.00
Unsecured Loans Repaid	1160.00	180.86
Unsecured Loan Payable Outstanding	2503.73	–
Amount of Shares Allotted on Preferential Basis (including Premium)	750.00	–

Schedule forming part of the Accounts

21 NOTES ON ACCOUNTS

22. 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 31st March, 2011

ii) Capital raised during the year (₹ in Lacs)

Public Issue : Nil

Bonus Issue : Nil

Rights Issue : Nil

Private Placement : 100.00*

* On conversion of warrants

iii) Position of mobilisation and deployment of funds (₹ in Lacs)

Total Liabilities 50,769.26 Total Assets 50,769.26

Sources of Funds :

Paid Up Capital 2,197.31

Application of Funds :

Net Fixed Assets 35,176.47
(including Capital work-in-progress)

Reserves and Surplus 16,001.73

Investments 1,458.69

Secured Loans 21,259.07

Net Current Assets 13,896.75

Unsecured Loans 10,050.29

Miscellaneous Expenditure 237.35

Deferred Tax Liability 1,260.86

iv) Performance of Company (₹ in Lacs)

Turnover (including other income) 17,831.32 Total Expenditure 17,302.54

Profit before tax 528.78

Profit/(Loss) after tax 181.54

Earning per Share (Basic) 0.85

Dividend Nil

Earning Per Share (Diluted) 0.85

v) Generic names of principal product (as per monetary terms)

Item Code

Product Description

8541.00

Solar Photovoltaic Cells and Modules

23. Since the accounting year of the Company was from 01st July 2010 to 31st March 2011, these accounts have been prepared for a period of nine months and the figures thereof are not comparable with those of previous year to that extent.

24. The expenses relating to the previous period amounting to ₹44.53 lacs have been debited to the respective expenditure account heads during the period under review.

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

Signature to Schedule 1 to 25

For Agarwal Sangneria & Co.

Chartered Accountants

Firm Regn No. 317224E

On behalf of the Board of Directors

P. K. Agarwal

Partner

Membership No. 53496

Kolkata, 28th May, 2011

N. Didwania

Company Secretary

S. Vasanthi

Director

(Technical & Marketing)

S. L. Agarwal

Managing Director

Cash Flow Statement For the period ended 31st March, 2011

(₹ in lacs)

	31.03.2011	30.6.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	528.78	(297.08)
Adjustments for:		
Depreciation	918.85	1,244.68
Preliminary Expenses W/Off	9.33	–
Loss on sale / adjustments of Fixed Assets	0.45	2.49
Interest (Net)	988.29	1,293.59
	1,916.92	2,540.76
Operating Profit before working Capital Changes	2,445.70	2,243.68
Adjustments for:		
Trade and Other Receivables	714.71	1,044.72
Provision for Doubtful Debts	(7.27)	–
Inventories	(4,920.19)	(2,167.58)
Trade payables	8,738.64	(487.60)
	4,525.89	(1,610.46)
Cash generated from operations	6,971.59	633.22
Interest paid (Net)	(988.29)	(1,293.59)
Direct Taxes paid/refund	(14.95)	(198.69)
	(1,003.24)	(1,492.28)
Cash Flow before extraordinary items	5,968.35	(859.06)
Extraordinary item of Expenditure/Income	–	(246.69)
Net Cash from Operating Activities	5,968.35	(1,105.75)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,671.99)	(21,416.43)
(Payments)/Adjustment for Capital Work-in-progress	(5,534.94)	18,517.26
Sale of Fixed Assets	14.78	5.49
Sales / (Purchase) of Investments	2,053.89	–
Net Cash used in Investing Activities	(8,138.26)	(2,893.68)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	562.50	6,131.51
Dividend (including tax) paid	–	(90.54)
Proceeds from Long Term Borrowings	(918.92)	(1,450.65)
Proceeds from Short Term Borrowings	2,724.46	(593.42)
Net Cash generated from Financing Activities	2,368.04	3,996.90
Net increase in Cash and Cash Equivalents (A+B+C)	198.13	(2.53)
Opening Balance of Cash and Cash Equivalents	715.86	718.39
Closing Balance of Cash and Cash Equivalents	913.99	715.86
	(198.13)	2.53

For Agarwal Sangneria & Co.

Chartered Accountants

Firm Regn No. 317224E

On behalf of the Board of Directors

P. K. Agarwal

Partner

Membership No. 53496

Kolkata, 28th May, 2011

N. Didwania

Company Secretary

S. Vasanthi

Director

(Technical & Marketing)

S. L. Agarwal

Managing Director

Corporate information

Board of Directors

Mr. S. L. Agarwal, *Managing Director*
Mr. Sameer Agarwal, *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

Ideal Centre,
9, A.J.C. Bose Road, 5th Floor,
Kolkata - 700 017, West Bengal, India
Ph: (033) 4023-9031/9000
Fax: (033) 4023-9011
Email: websol@webelsolar.com
Website: www.webelsolar.com

Corporate Office & Plant

Sector-II, Falta Special Economic Zone, Falta,
24 Parganas (South), West Bengal, India
Pin-743504
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Fax: +91-3174-222933

Registrars & Share Transfer Agents

R&D Infotech Pvt Ltd
7A, Beltala Road, 1st Floor,
Kolkata – 700026
Ph: (033) 2463-1657/2419-2641
Fax: (033) 2463-1658/2419-2642
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