

RAY OF HOPE

Websol Energy System Limited
(Formerly : Websol Energy Systems Limited)
Annual Report 2011-2012

DISCLAIMER

The disclosures of forward-looking information contained in this annual report are made to enable investors to comprehend the prospects and make informed investment decisions. This report and other statements – written or oral – may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Maximum effort has been made 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. However, the entire realisation of these forward-looking statements cannot be guaranteed, although the assumptions have been prudent enough to rely upon. The achievement of results is subject to risks, uncertainties and unforeseen events. 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. The management does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.

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In 2011-12, the global PV industry was severely impacted by a decline in realisations and demand. We believe that this blip is temporary and with solar energy costs declining, demand will rebound. Websol has prepared for this eventuality.

The company has doubled its installed PV capacity to 60 MW (which can be further doubled at a marginal capex), invested in world-class quasi-mono technology and introduced breakthrough products.

Our hope is derived from stable PV prices in the first quarter of 2012-13 that could lead to brighter sectoral sunshine.



**WEBSOL IS ONE OF INDIA'S LARGEST SOLAR
P.V. CELL AND MODULE MANUFACTURERS WITH
AN ANNUAL CAPACITY OF 60 MW.**



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 for the customer and stakeholders while improving the environment and caring for our employees

Presence

The Company's integrated production facility is located in the Falta SEZ in Kolkata

Legacy

- Websol is a leading Indian manufacturer of photovoltaic mono-crystalline solar cells and modules with a vision to address global energy needs by providing cost-effective renewable energy generation sources
- The Company was incorporated in 1990 by Mr. S.L. Agarwal and commenced commercial production in 1995

Products

The Company's PV cells and modules are used in domestic and commercial purposes. Products range from 5 to 305 watts, catering to the needs ranging from rural electrification to those of large power plants

Accreditations

- UL 1703 from CSA (specifically required for the US and Canada)
- IEC 61730/61215 and EN 61730/61215 from TUV Rheinland
- ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 from DNV
- CSA mark for W1750 and W2100
- ISO 9000:2000 from UL
- PV GAP certification
- PV Cycle certification

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 assets and we believe in retaining their morale to contribute to our success. We encourage best practices among our employees as they grow with us 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 provide a superior product along with unmatched service to enhance 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 facilitating free and easy access to all our actions, products and services.

Environment-friendly

We are an environmentally-conscious company with methodologies geared towards continuous improvement and more efficient production and business processes. Our vendor selection and manufacturing processes are based on environmental protection, workplace safety and employee health. We are working towards a cleaner, greener and healthier future.

MILESTONES

1994-1997

- Technical collaboration with Helios Technology, Italy

- Commenced operations with 1 MW installed capacity and processed 4 and 5-inch wafers

1998-1999

- Received international certification from JRC for IEC 61215 standards for 90Wp module

2000-2001

- Processed 8 inch wafers and converted them into 154x154 mm solar cells

- Increased installed capacity to 3 MW

2002-2004

- Received international certification for W1000 as per IEC 61215 standards

- Achieved UL 1703 listing for all 900W modules

- Expanded capacity from 3 MW to 5 MW

2005-2006

- Received IEC 61215 and IEC 61730 international certifications for 180 W/220Wp

- Achieved UL and CSA listing for

180/220Wp modules

- Installed PECVD technology for silicon nitride anti-reflective coating at the Salt Lake (Kolkata) plant

- Appointed EPC contractor for the Falta plant

- Achieved 16.5% plus cell efficiency

2007-2008

- Increased capacity from 5 MW to 10 MW

- Commenced commercial production of W1600 and W2000R modules

- Received an international

certification from TUV Safety Class II for W2000 and W1600 type modules

- Finalised the industrial site at the Falta SEZ for the 120 MW expansion

2009

- Installed and commissioned 30 MW cell and module line

- Commenced solar PV cells and trial production of modules in June/July 2009

- Received IEC 61215 and IEC 61730 certifications for 180 Wp and 225 Wp modules

- Established representative

OUR STORY IN NUMBERS

NET SALES

(₹ in cr)

2007-08	100.63
2008-09	139.11
2009-10*	119.70
2010-11*	225.55
2011-12*	114.60

EBIDTA

(₹ in cr)

2007-08	14.66
2008-09	28.45
2009-10*	22.84
2010-11*	36.54
2011-12*	(138.48)

PROFIT AFTER TAX

(₹ in cr)

2007-08	5.29
2008-09	10.56
2009-10*	2.40
2010-11*	2.43
2011-12*	(187.35)

GROSS BLOCK

(₹ in cr)

2007-08	41.27
2008-09	45.04
2009-10	259.91
2010-11	324.64
2011-12	396.27

*Annualised figures

offices in the US and Germany

2010

- Embarked on capacity expansion from 40 MW to 60 MW
- Achieved cell efficiency of 18.30%

- Commenced 6-inch cell, W2300 series (240 Wp) and W2800 series (290 Wp) modules production

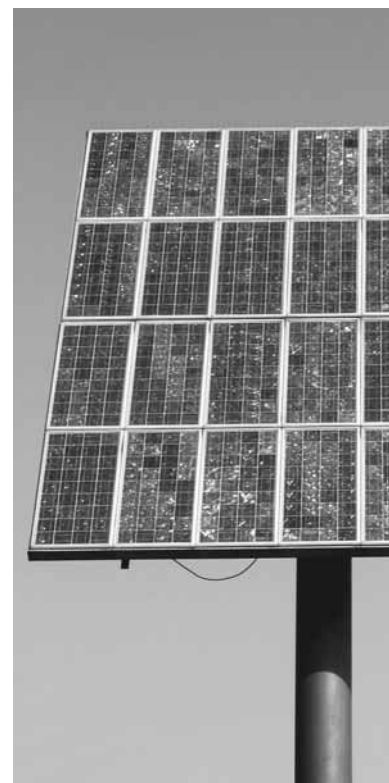
- Received certification from DNV (Det Norske Veritas) for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

2011

- Introduced quasi-mono cells
- Received PV cycle certificate

MILESTONE INSTALLATIONS :

- Bidyut Bhavan, Kolkata, West Bengal
- WBREDA Building, Kolkata, West Bengal
- Sagardeep, South 24 Parganas, Kamalpur, West Bengal
- Sagardeep, South 24 Parganas, Narendrapur, West Bengal
- Sagardeep, South 24 Parganas, West Bengal
- Sagardeep, South 24 Parganas, Haradhanpur Mandirtala, West Bengal
- Science City, Kolkata, West Bengal
- MGM Eye Institute, Chattisgarh
- M&B Switchgear, Madhya Pradesh
- Pan Time Finance Company, Odisha
- JW Marriot, New Delhi
- Pokhran Solaire Direct, Rajasthan
- APCA, Gujarat



KEY COMPETITIVE STRENGTHS

PRODUCT PORTFOLIO

Websol offers products ranging from 5 Wp to 305 Wp, one of the industry's most comprehensive portfolios. Solar cells manufactured by the Company are of 5 inches and 6 inches and solar modules from 5 Wp to 305 Wp.

EXPERIENCE

The Company enjoys a rich 18-year sectoral experience and has emerged as a dependable global player with a presence in over 17 countries.

QUALITY STANDARDS

Websol meets global standards and specifications for manufacturing photovoltaics and testing. Its modules are approved by IEC 61215, IEC 61730 and UL 1703 standards as well as FM requirements. These certifications have been awarded by various reputed institutions like Underwriters Laboratories, TUV Rheinland and CSA International.

BRAND EQUITY

With in-depth research and cutting-edge technology, the Company has achieved a high cell efficiency of 18.60% in 2011-12. Superior product quality backed by timely supplies ensures a strong price-value proposition, leading to higher dependability and brand reputation.

VENDOR RELATIONS

The Company procures the best quality mono-crystalline silicon wafers from leading manufacturers towards achieving superior efficiency standards

TECHNICAL EXPERTISE

The Company has established technological expertise in mono-crystalline solar grades, which results in increased yields, cell efficiency and capacity. It is also planning for tie-ups with leading international research-based organisations for technology and efficiency upgradation



FROM THE CHAIRMAN'S DESK

Dear shareholders,

The period 2011-12 (comprising 15 months from April 2011 to June 2012) witnessed subdued solar photovoltaic cells demand despite the Indian solar market witnessing significant growth with the installed solar PV capacity strengthening from under 20 MW to more than 1000 MW over the last two years. Some key events that transpired during the year comprise:

Pricing: We witnessed a substantial over 60% fall in raw material prices, which percolated down to reduce finished goods prices. The Company suffered a huge blow owing to losses in outstanding contracts, pre-order contracts and production. Raw material prices collapsed 60% between April-November 2011, moderating end product selling price from ₹14 per unit (three years ago) to ₹4 per unit now.

Foreign exchange: Volatility in foreign exchange affected profitability with the result that we suffered a forex loss of ₹60 cr in 2011-12.

Subdued demand in Europe:

We witnessed slackening demand in the EU region on account of its economical troubles. However it is expected that this highly fragmented industry is likely to consolidate on account of increasing collaborations between Indian and European firms where subsidy cuts in key markets like Germany and Italy will result in a global oversupply of solar panels.

Working capital challenges: Despite rising demand, the Company had to deny orders because of absence of adequate working capital. We expect inventory losses to stabilise by 2012-13 and this is already reflected in the fact that we have witnessed price stability in first quarter ending September 2012.

Debt restructuring: With prices falling drastically and capex invested three years ago, we had to renegotiate debt as interest rates remained high. In March 2012, we underwent bank restructuring in which our working capital loans were converted to

We ventured into the production of mono-like wafers, which are typically low-priced, to enter the lower end of the market.

term loans with a moratorium of two years and repayment period of seven years. The capex loans were also restructured with a moratorium of two years and repayment period of seven years.

New product launches:

We ventured into the production of mono-like wafers, which are typically low-priced, to enter the lower end of the market.

DEMAND DRIVERS

The demand for solar power is rising by the day. This is driven by:

Renewable purchase obligations (RPO):

The Indian Government has imposed a renewable purchase obligation that mandates distribution companies, open access consumers and captive consumers to buy a certain percentage of their total power requirement from renewable energy sources. This obligation will become increasingly stringent in 2013-14 as the government plans to impose penalties on industry houses not complying with the policy.

Renewable energy certificate (REC):

RECs are generation-based certificates awarded (electronically in demat form) to those generating electricity from renewable sources such as wind, biomass, hydro and solar, if they opt not to sell the electricity at the preferential tariff. These certificates are tradable on power

exchanges and are bought by 'obligated entities' (either specified consumers or electricity distribution companies), which are required to purchase a certain quantum of either green power or RECs to meet their renewable purchase obligations (RPO).

Cost: The cost of solar power has come down to a low ₹8 per unit from ₹18 per unit three years ago, thereby democratising and widening demand.

Power shortages: India's power deficit of 9% is likely to continue over the next few years. Besides, the gap between power purchase costs and tariffs has severely constrained the finances of state power utilities with net losses estimated at ₹88,170 cr in 2012-13. Solar energy appears as an attractive alternative in this regard.

THE OPPORTUNITY LANDSCAPE

Outsourcing relationship:

The US has imposed anti-dumping duties on China, which owns 70% of the global PV capacity because of its sheer size and governmental support. As a result, the country can offer low prices. So on the one hand, Chinese players are looking for partners in India to sell their products to the US and on the other, Indian players are also seeking monetisation opportunities in the outsourcing relationship. We perfectly fit into this scenario because:

- Websol possesses established

Websol's scalable installed capacity of 60MW can be easily doubled at minimal capex and within minimum time

infrastructure, thereby negating the need for capex investments

- Websol has the expertise across the value chain from manufacturing to sales
- Websol's installed scalable capacity of 60MW can be easily doubled at minimal capex and within minimum time

Global market dynamics: Though the last two years were fraught with challenges, we see a ray of stabilisation across PV prices, conversion and technology. We are increasingly expectant of price consolidation and technology upgradation, which will eventually help recover margins.

Domestic market: The government is targeting a 20-fold rise in solar power generation to 20 GW by 2022 as it looks to counter an average 9% power shortfall that shaves about 1.2 percentage points off the annual economic growth. A larger number of corporate houses are also evincing interest in establishing solar farms.

Conclusion: With stabilising PV prices, technological upgradation, cost optimisation and government initiatives, we expect to counter the sectoral challenges and return to profitability over the foreseeable future.

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



“ WE INTEND TO RUN PRODUCTION AT FULL CAPACITY IN 2012-13, REDUCING COST PER MW AND STRENGTHENING COMPETITIVENESS. ”

Mrs S. Vasanthi, Director – Technical & Marketing, reviews the Company's technology progress in 2011-12

“ Websol recognised that it needed to adapt with speed to the evolving dynamics of a competitive marketplace and manage all factors within control. The result was that the Company continued to prioritise cost reduction through value engineering on the one hand and enhanced production on the other. ”

Q How do you review the Company's performance during 2011-12?

A It was one of the most challenging years in our existence. From April 2011 to September 2011, our operations were smooth but thereafter, there was a sharp downturn leaving a huge unsold industry inventory across a number of European ports, which triggered a price meltdown. Your Company could not escape the situation; it was compelled to reduce the price of some stock while it was in transit to below production cost. Thereafter, the Company began to produce material only against orders, which affected profitability. There was a modest recovery from January 2012 onwards and the Company responded through enhanced production and cell efficiency.

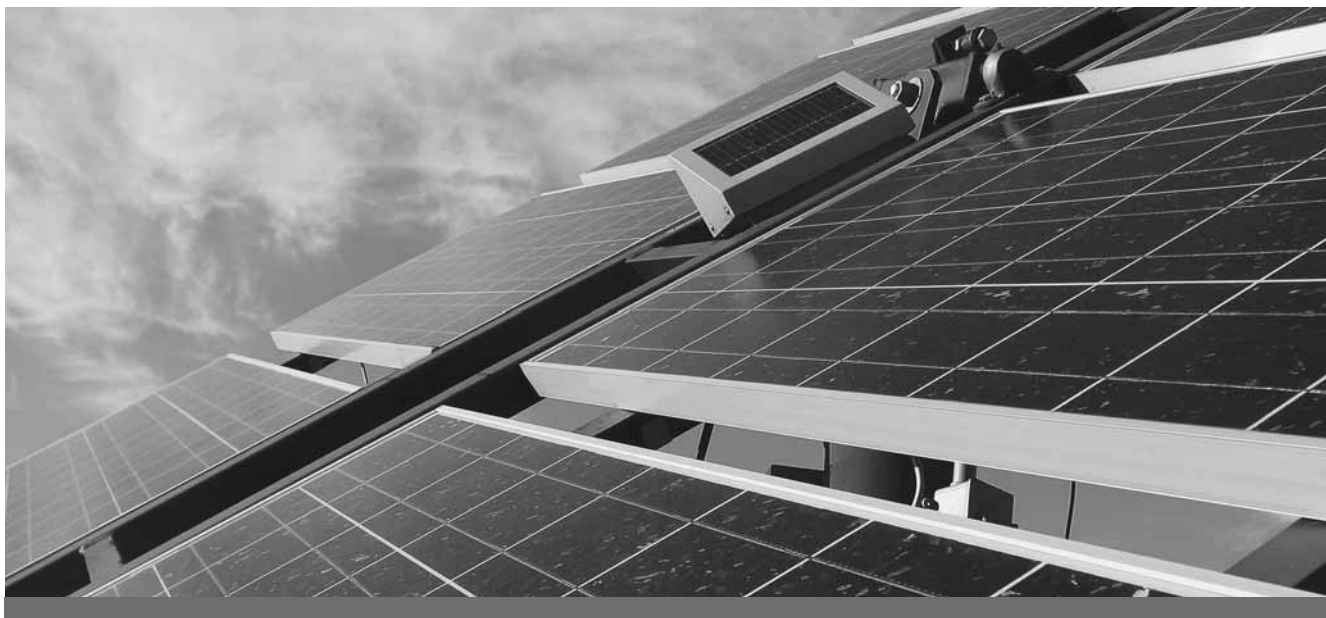
Q What were some of the challenges faced by the Company?

A One, the market growth tapered and European subsidies declined and a

slowdown on the continent translated into staggered offtake. Two, low-cost Chinese products threatened the profitability of most manufacturers, Websol included. The result was that the Company suffered from a low capacity utilisation on its installed capacity of 60 MW and deferred any increase beyond this level. Three, the market dynamics that have evolved with India emerging as a major international buyer led the Company to alter its strategic focus because Websol had hitherto focused only on the international market.

Q How did the Company address these challenges?

A Websol recognised that it needed to adapt with speed to the evolving dynamics of a competitive marketplace and manage all factors within control. The result was that the Company continued to prioritise cost reduction through value-engineering on the one hand and enhanced production on the other.



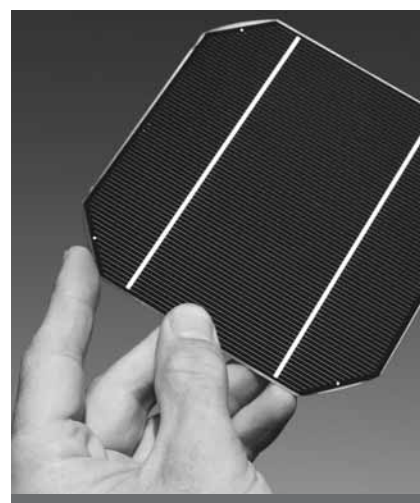
For instance, the Company focused on reducing raw material costs by 10–15% through the use of alternative raw materials. Besides, the Company improved the glass type which improved module output and other materials like EVA and backsheets helping reduce costs.

The Company also strengthened module output by about 2.5%; for instance, it strengthened the output of a 245-watt module to 251-watt, enhancing customer value. It enhanced cell efficiency from 17.40% in April 2011 to 18.60% in December 2011 through process optimisation.

Q What are the Company's prospects?

A The solar industry continues to remain one of the fastest growing in the world, recession or no recession. India faces stiff competition from China in this sector and if the Indian government insists on a high Indian content in emerging solar projects, then the

prospects of Indian companies is assured. Websol intends to strengthen its competitiveness without compromising cell efficiency or output. The Company intends to use different wafer kinds to produce low-cost cells. An index of the Company's adaptability is that whereas previously the Company used mono-crystalline wafers to produce cells and modules, it has made a successful transition to mono-like wafers (low-cost hybrid between mono and multi wafers). Going ahead, the Company plans to process the hybrid wafer full scale in 2012–13, reinforced with some 35 certifications. Besides, Websol intends to run its production at full capacity in 2012–13, reducing cost per MW and strengthening competitiveness.



“Going ahead, the Company plans to process the hybrid wafer full scale in 2012–13, reinforced with some 35 certifications.”

MANAGEMENT DISCUSSION AND ANALYSIS



SOLAR ENERGY

Solar energy is the genesis of all forms of energy. This energy can be made available in two ways: through the thermal route (using heat for drying, heating, cooking or generation of electricity) or through the photovoltaic route (converting solar energy into electricity that can be used for lighting, pumping and electricity generation). Being pollution-free and virtually inexhaustible, solar energy represents an attractive energy resource.

SOLAR PHOTOVOLTAIC CELLS

Solar photovoltaic (SPV) cells convert solar radiation (sunlight) into electricity. A solar cell is a semi-conducting device made of silicon and/or other materials which, when exposed to sunlight, generates electricity. Solar cells are connected in series and/or in parallel combinations to form modules that provide the required power.

- Crystalline silicon solar cells (C-Si): Mono-crystalline and poly-crystalline
 - Thin-film solar cells: Amorphous silicon solar cells (A-Si), CIGS and CdTe
- PV modules are manufactured by

assembling solar cells after stringing, tabbing and providing other interconnections (Source: EAI).

GLOBAL PHOTOVOLTAIC INDUSTRY

Over the last decade, PV technology has demonstrated the potential to become a major source of power generation with robust and continuous growth even during times an economic crisis. This growth is expected to continue in the years ahead as worldwide awareness of the advantages of PV increases. At the end of 2009, the world's cumulative PV installed capacity was approaching 23 GW. One year later it was 40 GW. In 2011, over 69 GW is installed globally and can produce 85 TWh of electricity every year. This energy volume is sufficient to cover the annual power supply needs of over 20 million households.

After hydro and wind power, SPV is now the third most important renewable energy in terms of globally installed capacity. The growth rate of SPV during 2011 reached almost 70%, an outstanding level among all renewable technologies. In terms of global cumulative installed capacity, Europe still leads the way with more than 51 GW of

installed as of 2011, representing about 75% of the world's total PV capacity. Next in the ranking are Japan (5 GW) and the US (4.4 GW), followed by China (3.1 GW), which reached its first GW in 2011. Outside Europe however, the PV market is expanding quickly with more than 100% growth in 2011.

Many of the markets outside Europe (in particular China, the US, Japan, Australia and India) have addressed only a miniscule part of their enormous potential; several countries from large sunbelt regions like Africa, the Middle East, South-east Asia and Latin America are on the brink of starting their solar energy development plans. Even so, the cumulative installed capacity outside Europe almost doubled between 2010 and 2011, demonstrating the ongoing rebalancing between Europe and the rest-of-the-world and also the patterns in electricity consumption today.

MAJOR HIGHLIGHTS FOR 2011 :

- 29.7 GW of SPV systems were connected to the grid, up from 16.8 GW in 2010; PV is now, after hydro and wind power, the third most important renewable energy source in terms of installed capacity

- 21.9 GW was connected in Europe, compared with 13.4 GW in 2010; Europe continues to account for the predominant share of the global PV market with 75% of all new capacity in 2011

- Italy was the top market for the year with 9.3 GW connected, followed by Germany with 7.5 GW; Italy and Germany accounted for nearly 60% of global market growth during 2011

- China was the top non-European PV market in 2011 with 2.2 GW installed, followed by the US with 1.9 GW

- The number of markets achieving more than 1 GW of additional PV capacity

during 2011 rose from three to six: Italy, Germany, France, China, Japan and the US

CHINESE PV MARKET

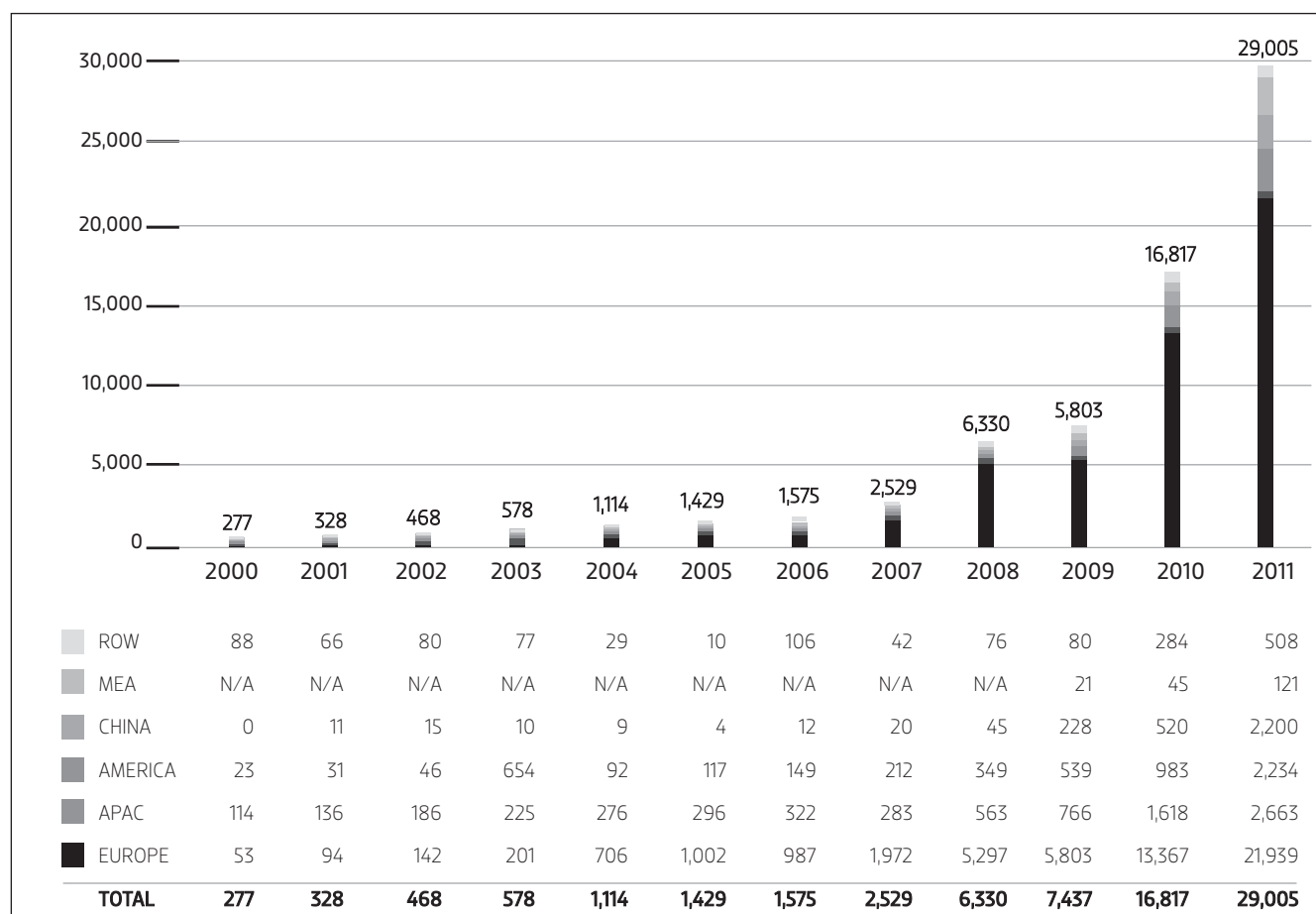
According to a report released by the National Energy Administration, China's investment in solar power generation is expected to reach 250 billion yuan (USD 39.5 billion) between 2011-15. According to the report, China will add 10 million kW of installed capacity of SPV power stations, 1 million kW of installed capacity of solar light and heat power generation systems and 10 million kW of distributed photovoltaic power generation during the period.

EUROPEAN PV MARKET

Europe has developed from an annual

market of less than 1 GW in 2003 to a market of over 21.9 GW in 2011. For the first time, Italy became the top PV market with 9.3 GW of newly connected systems in 2011; Germany was second with 7.5 GW after having been either first or second in each of the last eight years. Combined, Italy and Germany accounted for nearly 60% of global market growth during 2011. As it has for several years, Europe retains its leadership share of the global PV market with four countries having markets close to or above 1 GW. Globally, Europe's development is rivaled only by the recent market advancement in Australia. The US and Japan, once PV pioneers, are years behind Europe in terms of PV penetration.

Evolution of global annual installations 2000-2011 (MW)



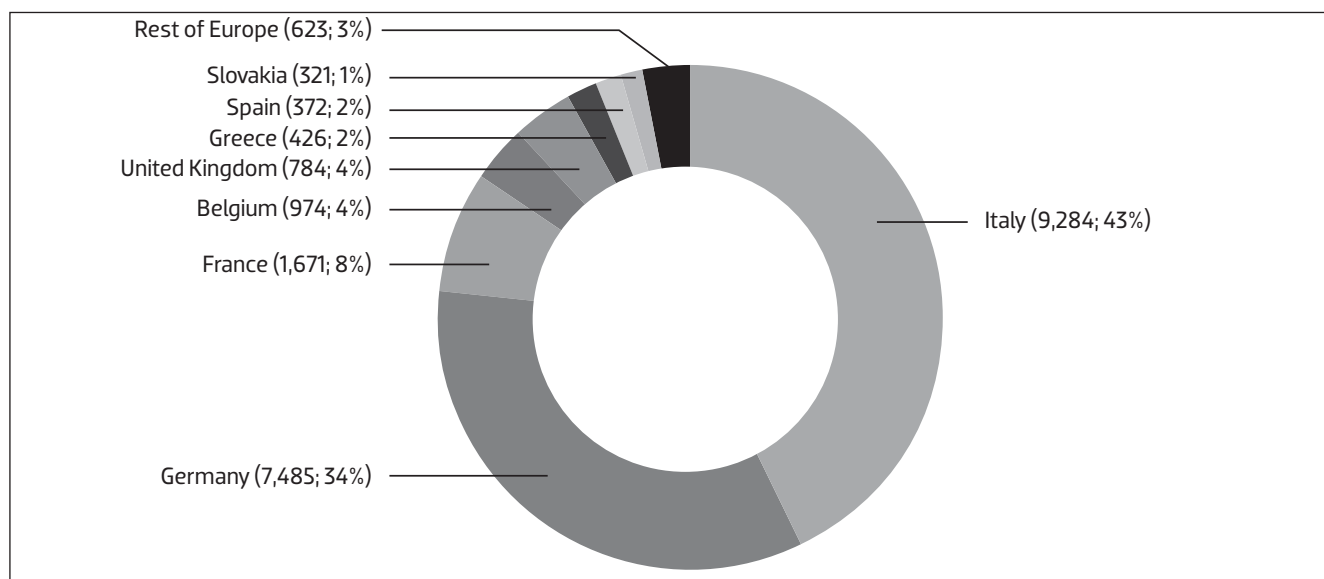
ROW: Rest-of-the-world

MEA: Middle East and Africa

APAC: Asia Pacific

Source: EPIC

European market split 2011(MW ; %)



INDIAN SOLAR INDUSTRY

India is densely populated and has high solar insolation, an ideal combination for using solar power in India. The Indian solar market has witnessed significant growth with the installed SPV capacity rising from under 20 MW to more than 1,040 MW by July 2012 within the last two years. India expects to install an additional 10,000 MW by 2017 and a total of 20,000 MW by 2022.

(Source: *indiasolarenergysummit report*)

India, with liberalised policies for the power sector, represents high potential for solar power with a variety of Central and State-level incentive systems. The market is supported by feed in tariffs to provide an initial thrust. Further, by introducing the Renewable Energy Certificate (REC) mechanism and Renewable Purchase Obligations (RPOs), the government has attempted to create an independent market for solar power in India. Over the long-term, solar power is considered to be a strategic choice for this energy-strapped, large and high-growth economy.

INDIA'S UNIQUE PROPOSITION

- **Economic value:** Solar electricity generation coincides with the normal peak demand during daylight hours in most places, thus mitigating peak energy costs, brings total energy bills down and obviates the need to build additional generation and transmission capacity
- **Geographical location:** Being a tropical country, India receives adequate solar radiation for 300 days, amounting to 3,000 hours of sunshine equivalent to over 5,000 trillion kWh. Almost all regions receive 4–7 kWh of solar radiation per sq m with about 2,300–3,200 sunshine hours per year depending upon the location. Potential areas for setting-up solar power plants can be analysed using the solar irradiation map of India
- **Power shortages:** Electricity losses during power transmission and distribution have remained traditionally high. Besides, India faces a power deficit of 9% and this is likely to continue over the next few years. The gap between power purchase costs and tariffs has severely constrained the finances of state power utilities with net losses

estimated at around ₹ 88,170 cr in 2012–13.

Solar power costs have reduced rapidly over the last few years and represent an attractive source to meet this widening energy deficit.

PV MANUFACTURING STATUS IN INDIA

The Indian PV manufacturing industry currently has an overall production capacity of about 1,300 MW for modules and 700 MW for cells. These capacities far exceed PV installations in India and will do so for some years even considering the annual growth rates. The Indian PV industry has grown on the back of exports to international markets and continues to depend on European countries for more than 80% of its revenues. More than 70% of cells and 80% of modules manufactured in India are exported.

The domestic PV manufacturing industry has grown six-fold from under 200 MW in 2007 to a 1,300 MW in 2011. Complete integrated module manufacturing facilities of capacities as large as 600 MW are currently being built by large Indian business conglomerates. The plan is to

build new facilities for production of modules will add to the module and cell production capacities in India by more than 1GW over the next five years.

In order to remain globally competitive in an increasingly competitive market, Indian manufacturers will need to improve their offering by reducing their cost positions (through increasing scale and integrating along the value chain) and generating innovation. Currently, most Indian module manufacturers are still dependent on foreign suppliers for ingots, wafers and cells.

KEY CHALLENGES FACING THE GROWTH AND DEVELOPMENT OF THE SPV MARKET IN INDIA

- Cost and T&D losses: Solar PV is some years away from true-cost competitiveness and from being able to compete on the same scale as other energy generation technologies. Adding to the cost are transmission and distribution losses, pegged at around 40%, that make generation through solar energy sources unfeasible. However, the government is supporting R&D activities by establishing research centres and funding such initiatives. The government has also tied-up with world-renowned universities to bring down the installation cost of solar power sources and is focusing on upgradation of substations and T&D lines

to reduce T&D losses.

- Land scarcity: Per capita land availability is low in India and land is a scarce resource. Dedication of land area near substations for exclusive installation of solar cells might have to compete with other necessities that require land.
- Funding of initiatives like the National Solar Mission (NSM) is a constraint given India's inadequate financing capabilities. The Finance Ministry has explicitly raised concerns about funding an ambitious scheme like the NSM.
- Manufacturers are mostly focused on export markets that buy SPV cells and modules at higher prices thereby increasing their profits. Many new suppliers have tie-ups with foreign players in Europe and the US thereby prioritising export demand. This could result in reduced supplies to the fast-growing domestic market.
- The lack of closer industry-government technology cooperation could weaken scale.
- The absence of focused, collaborative and goals-driven R&D to help India attain technology leadership in PV.
- The need for better financing infrastructure, models and arrangements to spur the SPV industry.
- Training and development of human

resources to drive industry growth and PV adoption.

- The need for intra-industry cooperation in expanding the PV supply chain, in technical information sharing through conferences and workshops, in collaborating with BOS (balance-of-systems) manufacturers and in gathering and publishing accurate market data, trends and projections.
- The need to build consumer awareness about the technology, its economics and right usage.
- Complexity of subsidy structure and involvement of too many agencies like MNRE, IREDA, SNA, electricity boards and the regulatory commission makes the development of SPV projects difficult.
- Land allotments and PPA signing is a long procedure under the generation-based incentive scheme.

(Source: EAI)

INDIAN SOLAR MARKET OUTLOOK

With solar capacity rising from under 20 MW to more than 1,000 MW over two years, all eyes are turned towards India. The latest energy report from KPMG, *The Rising Sun*, predicts that India has a solar market potential of 12,500 MW, which will be reached by 2016-17. KPMG also states that the captive and REC market has the potential of reaching 2,500 MW by 2016-17.

Forecast of the solar power market in India

DISTRIBUTED GENERATION		UTILITY SCALE PROJECT	
Rooftop Market ~ 4,000MW (Fast approaching grid parity)		Government Support Utility Scale Market ~ 4,000 MW (Phase ~ II program of Central Govt. and State Govt. solar programs)	
Diesel Replacement ~2,000 MW (Driven by economics)			
Captive and REC Market ~ 2,500 MW (Driven by solar renewable purchase obligations and Acceleration depreciation market ~ shifting demand for wind power)			
Total Solar Market Potential (by 2016-17) ~ 12,500 MW			

(Source : The Rising Sun 2012, KPMG in India analysis)



RISK MANAGEMENT

RAW MATERIAL RISK

Risk impact

Solar-grade silicon wafers and other raw materials required for manufacture of SPV cells constitute about 70-75% of the Company's manufacturing costs. Their demand could be affected by increased raw material costs

Risk mitigation

- *The global poly-silicon industry will undergo a major shakeout over the next two years as the 2011 feedstock price declines will continue through 2013
- *Global poly-silicon capacity is forecasted to double by 2013 over 2010 as new entrants commission capacities and incumbents complete expansions
- *Websol procures the best quality mono-crystalline silicon wafers from leading manufacturers

TECHNOLOGY RISK

Risk impact

The SPV market is growing and undergoing technological advancement. The Company might lose market share as a result of technological obsolescence if it is unable to invest in R&D to upgrade products

Risk mitigation

- *The Company has established technological expertise in mono-crystalline solar grades, which results in increased yields, cell efficiency and capacity. It is also planning to forge tie-ups with leading international research-based organisations for technology and efficiency upgradation

PROJECT IMPLEMENTATION RISK

Risk impact

The Company might suffer from a slowdown in payback and lose sales opportunities due to delays in project implementation

Risk mitigation

- *The Company's long-term relationships with suppliers reduce prospects of delay due to non-availability of raw material
- *The Company enjoys readymade infrastructure, which can support expansion of up to 120 MW

FOREIGN EXCHANGE RISK

Risk impact

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

Risk mitigation

Around 90% of import contracts are dealt through in dollar denominations with the rest in euro; for exports, representing a natural hedge. Further with the focus on domestic market, the domestic finished goods pricing will be based on the prices of imported raw materials.

DEMAND RISK

Risk impact

The solar power industry is dependent on global economic conditions. Moreover, demand for SPV cells is seasonal, marked by a decline in demand in countries that experience snowfall in winter

Risk mitigation

* The immense potential of the SPV cells market is evident in the fact that India enjoys more than 300 sunny days a year amounting to 3,000 hours of sunshine equivalent to over 5,000 trillion kWh
* Most major global economies are on the path to recovery, which will eventually lead to demand stabilisation, going ahead

COMPETITION RISK

Risk impact

The SPV market is large and competitive. The Company might suffer a decline in market share and margins due to the growing competitive intensity

Risk mitigation

* The Company's products meet global quality standards, which increases credibility and dependability in international markets
* The Company ventured into the production of mono-like wafers, which are typically low-priced, to enter into the lower end of the market

CUSTOMER CONCENTRATION RISK

Risk impact

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

Risk mitigation

* The Company's sales footprint spans over 17 countries
* The demand for Websol products is increasing in India due to the government's stipulation of procurement from indigenous producers

GEARING RISK

Risk impact

Significant borrowings could adversely impact the overall financial stability and impact profitability

Risk mitigation

* In March 2012, the Company underwent a bank restructuring. Working capital loans were converted into term loans with a moratorium of two years and repayment period of seven year and capex loans were also restructured with a moratorium of two years and repayment of seven years

DIRECTORS' REPORT



Dear Shareholders,

Your Directors are pleased to present the Twenty Second Annual Report and the Audited Accounts for the financial period ended 30th June, 2012.

FINANCIAL RESULTS

(₹ In Lacs)

Particulars	2011-12	2010-11
Gross Income from Sales and other operations	13,520.40	18,478.75
Profit / (Loss) before interest, depreciation & taxes	(17,310.27)	2,740.53
Less: Interest	3,175.00	1,292.90
Profit / (Loss) before depreciation and taxes	(20,485.27)	1,447.63
Less: Depreciation	1,995.50	918.85
Profit / (Loss) before Tax	(22,480.77)	528.78
Less: Provision for taxes including deferred taxes	(937.77)	(347.24)
Profit / (Loss) after Tax	(23,418.54)	181.54
Add: Balance brought forward from previous period	2,771.81	2,590.27
Balance Carried to Balance Sheet	(20,646.73)	2,771.81

The last financial period of fifteen months was marked by unimaginable and unexpected global downturn in the solar photovoltaic industry mainly due to the crisis in Europe and the sharp decline in the sales realisations. At the same time, the industry was more so affected because of the historic devaluation of the Indian currency against the US Dollars. These factors had an impact on your Company also and as such the capacity was underutilised.

During the fifteen months period under review your company reported a total income of ₹13,520.40 Lacs against ₹18,478.75 Lacs during the last accounting period for nine months. After

providing ₹1995.50 Lacs towards depreciation and ₹3,175.00 lacs towards interest, the company suffered a loss of ₹22,480.77 Lacs during 2011-12 as compared to a profit of ₹528.78 Lacs in 2010-11. The heavy losses resulted in severe liquidity crisis making it difficult to service the debts and this prompted your Company to approach its lenders to restructure the existing debts.

DEBT RESTRUCTURING

In its endeavour to survive and revive the business your Company applied to the Banks / Institutions to restructure the debts during December 2011. The restructuring was proposed as a solution to the present problem of your Company as well as the lenders and

ensure time bound process of revival and growth. As such the lead bank of your Company approved and sanctioned the restructuring package under bilateral scheme during March 2012. The package is effective from 01.10.2011 and includes, inter-alia, the carving out of losses into working capital term loan (WCTL), rescheduling of the repayment period of such WCTL and other Term Loans with an initial moratorium period of 24 months from the effective date. The interest on loans during the moratorium period will be funded by additional funded interest term loan (FITL).

STATUS OF IMPLEMENTATION OF EXPANSION PROJECT

Your Company's mission of achieving 120 MW by the end of 2011-12 could not take shape due to market conditions and the timing of implementation of the same will now depend on the outlook of the industry.

DIVIDEND

Due to huge losses as reported, the Board of Directors of your company could not recommend any dividend for the financial period ended 30th June, 2012.

DIRECTORS

During the year under review Mr. S. P. Bangur, Mr. O. P. Agarwal and Mr. Sameer Agarwal resigned from the office of Directors w.e.f. 07.11.2011, 29.02.2012 and 02.06.2012, respectively. The Board put on record their valuable guidance and services rendered during their tenure as Directors of the Company.

Mr. Biswa Ranjan Sengupta and Mr. Santosh Kumar Tibrewalla were appointed as Directors of the Company to fill up casual vacancy caused by the resignation of Directors.

According to the provisions of Articles of Association of the Company and the Companies Act, 1956, Mr. Biswa Ranjan Sengupta and Mr. Santosh Kumar Tibrewalla, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

STATUTORY AUDITORS

M/s. Agarwal Sangneria & Co., Chartered Accountants, the Statutory Auditors of your Company retire at the ensuing Annual General Meeting and have confirmed their eligibility for re-appointment at the forthcoming Annual General Meeting under section 224(1B) of the Companies Act, 1956.

STATUTORY AUDITORS' REPORT

On the Statutory Auditor's observations, reply from the management is as under:

- a. As mentioned in para (iii) of the Annexure to the Auditors' Report, regarding irregularity in receipt and payment of principal and interest to and from parties covered under section 301 of the Companies Act, 1956, the irregularity was due to financial constraints owing to heavy losses. Company has initiated legal action in respect of loan given.
- b. As mentioned in para (ix) of the Annexure to the Auditors' Report, regarding delay in deposit of undisputed statutory dues as on 30th June 2012, the same is due, because of adverse cash flow situation of the Company. The said dues will be paid in due course of time.
- c. As mentioned in para (x) of the Annexure to the Auditors' Report, regarding accumulated losses exceeding the net worth and cash losses incurred by the Company, the same was due to unexpected global downturn in the solar photovoltaic industry mainly due to the crisis in Europe and the sharp decline in the sales realisations. These factors had an impact on your Company also and as such the capacity was underutilised. As regards erosion of Net Worth, the Company is taking the necessary steps.
- d. As mentioned in para (xi) of the Annexure to the Auditors' Report, regarding delays in repayment of principal sums and interest thereon to banks / financial institutions, the same was due to heavy cash losses resulting in severe liquidity crisis.

Pursuant to this, the Company approached the lenders for restructuring of its debts and the lead Bank of the Company approved and sanctioned the restructuring package, under bilateral scheme.

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 period under review:

- i) That in the preparation of the Annual Accounts for the financial period ended 30th June, 2012, 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 30th June, 2012 and of the loss of the Company for that period;
- iii) That we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing, and detecting fraud and other irregularities; and
- 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 Limited and National Stock Exchange of India Limited.

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 are given in the enclosed Annexure – B, which forms part of this Report.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 your Company has adopted the Code of Conduct for Prevention of Insider Trading.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO

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.

INDUSTRIAL RELATIONS

The industrial relation during the period 2011-12 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.

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their grateful appreciation for the support, assistance and co-operation received from the Financial Institutions, Banks and the Government Authorities during the period under review. The Board is thankful to the shareholders for their support to the Company.

On behalf of the Board of Directors,
For WEBSOL ENERGY SYSTEM LIMITED

S. L. Agarwal
(Managing Director)

S. Vasanthi
Director (Technical & Marketing)

Date: 25th October 2012
Place: Kolkata

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 30th June 2012.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Lacs)

Particulars	2011-12	2010-11
(a) Foreign Exchange earnings of the Company	11,223.60	16,273.41
(b) Foreign Exchange Outgo		
(i) C. I. F. value of import of Raw Materials. Components, Spare parts and Capital Goods	14,188.84	25,776.41
(ii) Others	1,012.13	430.83

ANNEXURE – "B" TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company believes that good corporate governance adds value to the culture of the organisation and enhances the footing of the company in the corporate inc. The Company continuously follows the procedure of Corporate Governance for ensuring and protecting the rights of its stakeholders by means of transparency, integrity, accountability, trusteeship and checks the same at the different levels of the management of the Company.

2. 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 :

Sl. No.	Name of the Director	Category
1	Mr. S. L. Agarwal	Executive – Managing Director – Promoter – CEO
2	Mrs. S. Vasanthi	Whole Time Director – Technical & Marketing
3	Mr. S. K. Pal	Non-Executive Director – Independent
4	Mr. S. K. Tibrewalla	Non-Executive Director – Independent
5	Mr. B. R. Sengupta	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:

Sl. .	Name of the Director	Attendance Particulars		Number of other Directorship(s) ¹	Number of other Committee Membership / Chairmanship ²	
		Board	Last AGM		Committee Membership	Committee Chairmanship
1	Mr. S. L. Agarwal (Re-appointed as Managing Director w.e.f. 01.12.2011)	11	Yes	–	–	–
2	Mrs. S. Vasanthi (Re-appointed as Whole Time Director – Technical & Marketing w.e.f. 01.12.2011)	11	Yes	–	–	–
3	Mr. Sameer Agarwal (Resigned from the Board w.e.f. 02.06.2012)	07	No	N.A.	N.A.	N.A.
4	Mr. S. K. Pal	10	Yes	2	6	2
5	Mr. O. P. Agarwal (Resigned from the Board w.e.f. 29.02.2012)	05	Yes	N.A.	N.A.	N.A.

Sl. .	Name of the Director	Attendance Particulars		Number of other Directorship(s) ¹	Number of other Committee Membership / Chairmanship ²	
		Board	Last AGM		Committee Membership	Committee Chairmanship
6	Mr. S. P. Bangur (Resigned from the Board w.e.f. 07.11.2011)	02	Yes	N.A.	N.A.	N.A.
7	Mr. S. K. Tibrewalla (Appointed w.e.f. 02.06.2012)	01	NA	-	1	-
8	Mr. B. R. Sengupta (Appointed w.e.f. 02.06.2012)	01	NA	-	2	1

1. The other Directorships held by Directors as mentioned above, does not include Alternate Directorships and Directorships in foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

2. Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies have been considered.

During the period ended 30th June 2012, 11 (Eleven) Board meetings were held on 28.05.2011, 30.07.2011, 12.08.2011, 21.11.2011, 30.12.2011, 20.02.2012, 12.03.2012, 30.03.2012, 15.05.2012, 31.05.2012 and 02.06.2012.

3. CODE OF CONDUCT :

The Company has framed Code of Conduct for the Directors and Senior Management of the Company. The Code of Conduct is displayed on the Website of the Company, www.webelsolar.com. The Directors and Senior Management have affirmed compliance of the said Code of Conduct as on 30th June, 2012.

4. 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:

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

The members of the Audit Committee comprises of both Executive and Non-Executive Directors. All the members of the Audit Committee are financially literate and one member is accounting related/ financial management expertise. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

During the period under review 05 (five) Audit Committee meetings were held on 28.05.2011, 12.08.2011, 21.11.2011, 20.02.2012 and 15.05.2012. The composition of the Audit Committee and attendance of its meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1	Mr. S. K. Pal	Chairman and Independent Director	5
2	Mr. O. P. Agarwal (Resigned w.e.f. 29.02.2012)	Independent Director	4
3	Mr. S. P. Bangur (Resigned w.e.f. 07.11.2011)	Independent Director	2
4	Mr. S. L. Agarwal (Appointed w.e.f. 16.11.2011)	Managing Director and CEO	3
5	Mr. Sameer Agarwal (Appointed w.e.f. 12.03.2012 and Resigned w.e.f. 02.06.2012)	Non Executive Director	1
6	Mr. B. R. Sengupta (Appointed w.e.f. 02.06.2012)	Independent Director	-

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

5. REMUNERATION COMMITTEE:

Terms of Reference: The terms of reference of Remuneration Committee is determination of remuneration packages for Executive Directors.

During the period under review 1(one) Remuneration Committee meeting was held on 21.11.2011. The composition of the Remuneration Committee and attendance of its meeting is given below:

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1	Mr. S. K. Pal (Appointed as Chairman w.e.f. 12.03.2012)	Chairman and Independent Director	1
2	Mr. O. P. Agarwal (Ceased to be the Chairman and Member w.e.f. 29.02.2012)	Independent Director	1
3	Mr. S. P. Bangur (Resigned w.e.f. 07.11.2011)	Independent Director	-
4	Mr. Sameer Agarwal (Appointed w.e.f. from 16.11.2011 and Resigned w.e.f. 02.06.2012)	Non Executive Director	1
5	Mrs. S. Vasanthi (Appointed w.e.f. 12.03.2012 and Resigned w.e.f. 02.06.2012)	Executive Director	-
6	Mr. B. R. Sengupta (Appointed w.e.f. 02.06.2012)	Independent Director	-
7	Mr. S. K. Tibrewalla (Appointed w.e.f. 02.06.2012)	Independent Director	-

Remuneration Policy and Remuneration to Directors:

a) Executive Directors: The Company follows the policy to fix the remuneration of Managing and Whole Time Director(s) on the basis of their qualification, experience and past performance. The terms of appointment with the Executive Director(s) are contractual in nature. The Agreement(s) may be terminated at any time by either party giving 3 (three) months notice in writing without any cause. The details of remuneration paid to the Executive Directors during financial period 2011-2012 are given below:

(₹ In Lacs)

Sl. No.	Name of the Executive Director	Designation	Consolidated Salary	Perquisites & Other Benefits	Company's Contribution towards Provident Fund & Gratuity	Total
1	Mr. S. L. Agarwal	Managing Director & CEO	14.50	0.58	0.87	15.95
2	Mrs. S. Vasanthi	Whole Time Director (Technical & Marketing)	10.11	0.39	0.57	11.07

b) Non-Executive Directors: The Non-Executive Directors are not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and Committees thereof. The sitting fees paid / payable to the Non-Executive Directors is within the limits prescribed by the Companies Act, 1956. The Company does not have any material pecuniary relationship and transaction with its Non-Executive Directors. The details of sitting fees paid / payable and shares held by the Non-Executive Directors during financial period 2011-2012 are given below:

Sl. No.	Name of the Non-Executive Director	Sitting Fees (₹)	Shareholding in the Company
1	Mr. Sameer Agarwal (Resigned w.e.f. 02.06.2012)	28,000/-	17,600 shares
2	Mr. S. K. Pal	56,000/-	Nil
3	Mr. O. P. Agarwal (Resigned w.e.f. 29.02.2012)	44,000/-	Nil
4	Mr. S. P. Bangur (Resigned w.e.f. 07.11.2011)	18,000/-	7612 shares
5	Mr. S. K. Tibrewalla (Appointed w.e.f. 02.06.2012)	2000/-	Nil
6	Mr. B. R. Sengupta (Appointed w.e.f. 02.06.2012)	2000/-	Nil

6. SHARE TRANSFER COMMITTEE

Terms of Reference: The Share Transfer Committee 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.

Composition: The Share Transfer Committee presently comprises of 2 (two) Independent Directors viz., Mr. S. K. Tibrewalla and Mr. B. R. Sengupta and 1 (one) Executive Director i.e., Mrs. S. Vasanthi. The Chairman of the Committee is Mr. S. K. Tibrewalla. The Company Secretary of the Company acts as the Secretary to the Committee.

7. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Terms of Reference: The terms of reference of Shareholders' / Investors' Grievances Committee are to address the shareholders' and investors' complaints and ensure an expeditious resolution of the same.

Composition: The Shareholders' / Investors' Grievance Committee comprises of Mr. B. R. Sengupta, Mr. S. K. Pal and Mr. S. K. Tibrewalla all of whom are Independent Directors. Mr. B. R. Sengupta is the Chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee and also acts as the Compliance Officer.

Compliance Officer:

Name, designation & address of the Compliance Officer:	Mr. Nitin Didwania
	Company Secretary, Compliance Officer & CFO
	Websol Energy System Limited
	Ideal Centre, 5th Floor 9. A. J. C. Bose Road Kolkata – 700 017
	Telephone No. : +91-33-4023 9031/9036
	Fax No. : +91-33-4023 9011
	Email: investors@webelsolar.com

Investor Grievance Redressal:

During the period under review 30 nos. of Investors complaints / queries were received and no complaints / queries were pending as on 30.06.2012. No request for transfer was pending for more than 30 days as on 30.06.2012.

8. OTHER COMMITTEES

The Board has also constituted the following Committee in addition to the above Committees:

Committee of Directors:

The Committee of Directors comprises of 2 (two) Executive Directors namely Mr. S. L. Agarwal and Mrs. S. Vasanthi and 1 (one) Independent Director ie. Mr. S. K. Pal. The Chairman of the committee is Mr. S. L. Agarwal. The Committee has been authorised to borrow money upto ₹ 500 Crores (Rupees Five Hundred Crores) from Banks / financial institutions and also to periodically review the day to day operations.

9. GENERAL BODY MEETINGS

a) The details of last three Annual General Meetings of the Company are as under:

Financial Year / Period Ended	Date	Time	Venue	Whether any Special Resolution Passed
2008-09	30.09.2009	11:00 AM	Hotel Indi Smart, The Tower X-1, 8/3, Block – EP, Sector – V Salt Lake Electronics Complex, Kolkata – 700 091	Yes
2009-10	29.12.2010	11:00 AM	Gyan Manch 11, Petoria Street, Kolkata – 700 054	No
2010-11	07.09.2011	10:00 AM	Webel Bhavan, Block EP & GP, Sector V, Salt Lake Electronics Complex, Kolkata – 700 091	Yes

None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a Special Resolution through Postal Ballot.

b) Details regarding Special Resolution passed in the previous three Annual General Meetings

Date of Annual General Meeting	Details of Special Resolution passed
30th September 2009	Change of name of Company from "Webel SI Energy Systems Limited" to "Websol Energy Systems Limited".
07th September 2011	Change of name of Company from "Websol Energy Systems Limited" to "Websol Energy System Limited".

c) Special Resolutions passed during the financial period 2011-12 through Postal Ballot under Section 192A of the Companies Act, 1956

No Special Resolution was passed through Postal Ballot during the financial period 2011-12.

10. 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 Note No.38, forming part of the Annual Report.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any Statutory Authority, on any matter related to the capital markets, during the last three years.

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

c. Accounting Treatment in preparation of financial statement :

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

d. Subsidiary Company :

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

e. Risk Management :

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

f. Whistle Blower Policy :

The Company does not have a formal whistle blower policy.

g. Profile of Directors Seeking Appointment / Re-appointment

The profile of the Directors seeking Appointment / Re-appointment forms part of Notice of Annual General Meeting.

h. Details of Compliance with Mandatory Requirements and Adoption of Non-mandatory Requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate, from Agarwal Sangneria & Co., Chartered Accountants, the Statutory Auditors of the Company, to this effect has been included in this report. Besides mandatory requirement, the Company has constituted a Remuneration Committee to consider and approve the remuneration of Executive Directors of the Company.

i. CEO / CFO certification:

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

j. 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.

11. MEANS OF COMMUNICATION

(a) In compliance with the Clause 41 of the Listing Agreement the quarterly / annual results are furnished to the Stock Exchanges within the prescribed time and also published in the Newspapers viz. Business Standard and Arthik Lipi in Bengali (local) language. The results are also posted on the website of the Company.

(b) 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 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 (MDA) Report forms part of the Annual Report and is displayed on the Company's website.

(d) The Corporate Filing Dissemination System (CFDS) portal jointly owned, managed and maintained by the BSE and NSE is a single source to view information filed by listed companies. The investors can view the details of corporate filings by the Company by logging on the website www.corpfiling.co.in

(e) The Company has designated the following email-id exclusively for investor servicing:

investors@webelsolar.com

12. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting	22nd Annual General Meeting
Day & date	Friday, the 30th November, 2012
Time	10:00 AM
Venue	Webel Bhavan, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091
(b) Financial Calendar (tentative dates)	
Financial Year / Period	July 01 to March 31
1st Quarter Results (30th September 2012)	on or before 14th November, 2012
2nd Quarter Results (31st December 2012)	on or before 14th February, 2013
3rd Quarter / Annual Results (31st March 2013)	on or before 30th May, 2013
(c) Date of Book Closure	26th November to 30th November 2012
(d) Dividend Payment Date	Not Applicable
(e) Listing on Stock Exchanges	The equity shares of your Company are listed on the following Stock Exchanges: (i) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 (ii) National Stock Exchange of India Limited 5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 001 * The listing fees for the year 2012-13 have been paid for both BSE & NSE.
(f) Stock Code	
Bombay Stock Exchange Limited	517498
National Stock Exchange of India Limited	WEBELSOLAR
ISIN	INE855C01015

(g) Market price Data

Monthly High and Low quotation of shares traded during the Last Financial Period at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) is given hereunder:

Month	BSE		NSE	
	High	Low	High	Low
April' 11	85.80	70.20	88.90	70.80
May' 11	72.90	54.00	75.85	54.05
June' 11	71.00	56.55	67.90	56.10
July'11	71.00	59.15	73.35	58.80
Aug'11	64.40	41.65	65.15	41.50
Sept'11	49.90	37.00	51.00	36.90
Oct'11	41.00	36.00	40.55	36.05
Nov'11	37.90	17.70	36.90	17.10
Dec'11	21.65	17.80	21.70	18.10
Jan.'12	29.40	18.55	29.90	18.90
Feb.'12	29.35	21.75	29.50	21.80
March'12	23.30	18.10	23.20	18.55
April' 12	22.70	17.10	22.40	17.00
May' 12	18.60	11.95	17.90	12.25
June' 12	12.75	8.00	12.80	8.00

(h) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.

The Company's closing share prices at the Bombay Stock Exchange Ltd (BSE) are given hereunder:

On 01st April'2011	:	₹ 72.80 per share
On 29th June'2012	:	₹ 10.73 per share
Change	:	(-) 85.26%

Indices (BSE Sensex) on Closing Basis:

On 01st April'2011	:	19,420.39
On 29th June'2012	:	17,429.98
Change	:	(-) 10.25%

(i) Registrar and Transfer Agent	M/s. R&D Infotech Pvt. Ltd.
	7A, Beltala Road, 1st Floor,
	Kolkata - 700 026
	Phone: +91-33- 2419-2641/42
	Fax : +91-33- 2476-1657
	Email : rd.infotech@vsnl.net

(j) Shares Transfer System

Share Transfer System is entrusted to the Registrar and Share Transfer Agent. 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 authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Registrar within 30 days.

(k) Distribution of Share Holding As on 30.06.2012

No. of Shares Held		Shareholders		Shares	
From	To	Number	% to Total Holders	Number	% to Total Capital
1	500	8161	86.14%	12,22,593	5.56%
501	1,000	662	6.99%	5,25,518	2.40%
1,001	2,000	308	3.25%	4,87,576	2.22%
2,001	3,000	99	1.04%	2,53,088	1.15%
3,001	4,000	46	0.49%	1,64,998	0.75%
4,001	5,000	38	0.40%	1,81,270	0.82%
5,001	10,000	67	0.71%	4,89,663	2.23%
10,001	50,000	68	0.72%	13,59,781	6.19%
50,001	1,00,000	9	0.09%	6,33,460	2.88%
1,00,001	And above	16	0.17%	1,66,55,119	75.80%
	Total	9474	100.00%	2,19,73,066	100.00%

(l) Share Holding Pattern as on 30.06.2012:

Sl. No.	Category	No. of Shares Held	% of Holding
1	Promoters & Associates	80,69,422	36.72%
2	Mutual Funds and UTI	7800	0.04%
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt, Institutions, Govt. Institutions)	140	0.00%
4	FII's	57,97,268	26.38%
5	Private Corporate Bodies	34,48,267	15.69%
6	Indian Public	40,50,169	18.43%
7	NRIs / OCBs	6,00,000	2.73%
	Total	2,19,73,066	100.00%

(m) Dematerialisation of Shares and Liquidity

The shares of the Company are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 30th June 2012, a total of 2,09,61,654 equity shares of ₹10/- each forming 95.40% of the share capital of the Company stands dematerialised. The entire equity shares of the Company are listed on BSE and NSE and thus are liquid.

(n) Outstanding Instruments

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments during the period ended 30th June 2012.

(o) Plant Location

Falta SEZ Unit
Sector – II, Falta Special Economic Zone, Falta,
District: South 24 Parganas,
PIN – 743 504, West Bengal

(p) Address for Correspondence

Webosol Energy System Limited
Ideal Centre, 5th Floor,
9, A. J. C. Bose Road,
Kolkata – 700 017
Phone No. : +91-33-4023-9031
Fax No. : +91-33-4023-9011

E-Mail : investors@webosolar.com

Website : www.webosolar.com

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

We, Sohan Lal Agarwal, Managing Director and CEO and Nitin Didwania – Chief Financial Officer and Company Secretary of WEBSOL ENERGY SYSTEM LIMITED, to the best of our knowledge and belief hereby certify that:

1. We have reviewed the financial statements and the cash flow statement for the financial period ended 30th June 2012 and:
 - 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. There are no transactions entered into by the Company during the financial period ended 30th June 2012 which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the financial period ;
 - ii) significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements ; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata

Date: 25th October 2012

Sd/-

S L Agarwal

Managing Director & CEO

Sd/-

Nitin Didwania

**Chief Financial Officer and
Company Secretary**

Declaration for Compliance with the Code of conduct of the Company as per Clause 49(I)(D)(ii) of Listing Agreement

I, Sohan Lal Agarwal, Managing Director and CEO of Websol Energy System Limited declare that as of 30th June 2012, all board members and senior management personal have affirmed compliance with Code of Conduct of the Company.

Place: Kolkata

Date: 25th October 2012

Sd/-

S.L. Agarwal

(Managing Director & CEO)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders of

WEBSOL ENERGY SYSTEM LIMITED

We have examined the compliance of conditions of corporate governance by the WEBSOL ENERGY SYSTEM LIMITED, for the fifteen months period ended on the 30th June, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For AGARWAL SANGANERIA & CO.
Chartered Accountants
Firm Registration No. 317224E

P. K. AGARWAL
Partner
C. A. MEMBERSHIP NO.53496

KOLKATA

Dated, the 29th day of August, 2012

FINANCIAL SECTION



AUDITORS' REPORT

To the Members of
WEBSOL ENERGY SYSTEM LIMITED

1. We have audited the attached Balance Sheet of WEBSOL ENERGY SYSTEM LIMITED ("the Company") as at 30th June, 2012, and the Statement of Profit and Loss and Cash Flow Statement for the period ended on that date together with the Notes 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.

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

3. As required by Companies (Auditor's Report) Order, 2003 ("the Order") 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.

4. Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for our audit;
- ii. 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;
- iii. The Balance Sheet of the said Company as at 30th June 2012 signed by us under reference to this report, the

annexed Statement of Profit and Loss and the Cash Flow Statement are in agreement with the books of account;

- iv. 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;
- v. 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;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Statement of Profit and Loss 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 30th June 2012;
 - b. in the case of the Statement of Profit & Loss of the Company for the period ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For AGARWAL SANGANERIA & CO.
Chartered Accountants
Firm Registration No. 317224E

KOLKATA

Dated, the 29th day of August, 2012

P. K. AGARWAL
Partner

C. A. MEMBERSHIP No.53496

ANNEXURE TO AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF WEBSOL ENERGY SYSTEM LIMITED FOR THE PERIOD ENDED 30th JUNE, 2012

(i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in phased manner. In accordance with the policy, the majority of Fixed Assets of the Company have been physically verified during the period by the management and as informed to us no material discrepancies were noticed on verification between the book records and the physical records. During the period under report, the Company has not disposed off any substantial part of its Fixed Assets and therefore, don't affect the going concern assumption.

(ii) The Inventories of the Company consisting of stocks of raw materials, finished goods, work-in-progress and stores and spares parts have been physically verified by the management at regular intervals during the period. The discrepancies between the physical stocks and book records 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, during the period under report, granted unsecured loan to one party covered under section 301 of the Companies Act, 1956. The balance outstanding at the beginning of the year was Nil and after considering the amount given of ₹18.45 lacs and interest accrued of ₹2.35 lacs, the balance outstanding as at the date of the balance sheet was ₹20.80 lacs. The Company has also 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 ₹2,503.73 lacs and after considering the amount taken of ₹1,496.62 lacs and amount repaid ₹2,904.49 lacs and interest ₹391.87 lacs (net of tax deducted at source), the balance outstanding as at the date of the balance sheet was ₹1,487.73 Lacs. The rate of interest and other terms and conditions of the Loans given and taken by the Company are not prima facie prejudicial to the interest of the Company. The

receipt and payment of principal and interest has not been regular as per terms of the loan given and taken. In case of loan given, the company has initiated legal course. In case of loan taken, the company could not be regular in payment because of financial constraints.

(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 particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section. There are no contracts or arrangements to in Section 301 of the Companies Act, 1956 that exceeds the value of ₹5.00 lacs during the year except those stated in para (iii) above.

(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 had a competent team of staff and officials for conducting internal audit commensurate with the size and nature of its business. With effect from 1st April 2012 an external entity has been appointed as the Internal Auditor of the company and their first report is yet to be submitted

(viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examinations of the records

(ix) The Company has made delayed deposits with appropriate authorities the amount deducted/accrued in the books of accounts in respect of 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 the following undisputed amounts in respect of the abovementioned statutory dues were outstanding as at 30th June, 2012 for a period of more than six months from the date they became payable:

Name of Statute	Nature of Dues	Amount (₹ In Lacs)
Delhi Value Added Tax 2004	Delhi Value Added Tax	12.85
Income Tax Act, 1961	Income Tax	39.46
Finance Act, 1994	Service Tax	6.64
WB VAT Act, 2003	Works Contract Tax	0.65
Income Tax Act, 1961	Tax Deducted at Source	17.70

Further the following statutory dues have not been deposited on account of dispute:

Nature of dues	Forum where dispute is pending	Amount (₹. In Lacs)	Remarks
Excise Duty & Penalty	High Court at Kolkata	216.55	The Company has paid ₹100.00 Lacs against this demand
Excise Duty & Penalty	Custom, Excise and Service Tax Appellate Tribunal	478.34	-
Excise Duty & Penalty	Commissioner – Appeals	51.05	-
Sales Tax	Assistant Commissioner	222.44	-
Income Tax	Commissioner of Income Tax –Appeal	61.57	-

(x) The accumulated losses of the Company as at the date of the balance sheet are more than its net worth and it has incurred cash losses during the fifteen months period covered by audit. However the company did not incur any cash losses in the immediately preceding financial period.

(xi) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the books of accounts and related records, we observed following delays in the repayment of the principal sums and interest thereon to banks / financial institutions:

Name of the Lender	Period of Default in days	Minimum Amount of Default (₹ In Lacs)	Maximum Amount of Default (₹ In Lacs)
Standard Chartered Bank	1 to 253	10.00	1265.70
Dena Bank	46 to 334	0.98	793.38
HDFC Bank	29 to 182	0.21	13.62
EXIM Bank	1 to 204	19.10	307.20

However as explained in Note 26 annexed to the financial statements, the lead bank of the company i.e., Allahabad Bank has approved the restructuring scheme of the borrowings of the company on 27th March 2012 under bilateral scheme of restructuring, but the above mentioned Banks have not yet restructured the loans as on the date of the Balance Sheet. Further the Company does not have any Debentures.

(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 thereof does not arise.

(xiii) The Company is not a chit fund or a nidhi/mutual benefit 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 but has investment in a Joint Venture situated in Germany during the period under report. Proper records have been maintained by the company for such investments and as reported timely entries have been made therein. The Joint Venture has been called off prior to the date of the balance sheet and proportionate consolidation has not been felt appropriate by the management.

(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 not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

(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 Registration No. 317224E

KOLKATA
Dated, the 29th day of August, 2012

P. K. AGARWAL
Partner
C. A. MEMBERSHIP No.53496

Balance Sheet as at 30th June 2012

(₹ in lacs)

	Notes	As at 30/06/2012	As at 31/03/2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	2,197.31	2,197.31
(b) Reserves and surplus	3	(7,421.45)	16,001.73
2 Non-current liabilities			
(a) Long-term borrowings	4	26,107.72	23,949.64
(b) Deferred tax liabilities (Net)		1,938.83	1,260.86
(c) Other Long term liabilities	5	5,003.84	1,149.31
(d) Long-term provisions	6	40.27	-
3 Current liabilities			
(a) Short-term borrowings	7	7,123.72	7,359.72
(b) Trade payables		2,367.12	3,035.43
(c) Payables for capital contract		67.26	6,136.71
(d) Other current liabilities	8	10,162.01	549.65
(e) Short-term provisions	9	222.64	455.88
TOTAL EQUITY AND LIABILITIES		47,809.27	62,096.24
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	10	34,314.74	29,138.75
(ii) Capital Work in Progress		729.74	6,037.72
(b) Non-current investments	11	15.10	1,453.69
(c) Long-term loans and advances	12	3,492.40	6,999.53
(d) Other non-current assets	13	402.15	347.83
2 Current assets			
(a) Current investments	14	5.00	5.00
(b) Inventories	15	3,332.50	11,888.67
(c) Trade receivables	16	1,725.21	1,495.17
(d) Cash and Bank balances	17	1,527.10	1,263.17
(e) Short-term loans and advances	18	2,052.46	3,362.48
(f) Other current assets	19	212.87	104.23
TOTAL ASSETS		47,809.27	62,096.24

Significant Accounting Policies

1

Notes to the Financial Statements

2 to 40

In terms of our report of even date

For and on behalf of the Board of Directors

For Agarwal Sangneria & Co.

Chartered Accountants

Firm Registration No. 317224E

(P.K. Agarwal)

Partner

Membership No. 53496

(S. L. Agarwal)

Managing Director

(S. Vasanthi)

Director

(Technical & Marketing)

(N. Didwania)

Company Secretary

& CFO

Place : Kolkata

Date : 29th August 2012

Statement of Profit and Loss for the period ended 30th June 2012

(₹ in lacs)

	Notes	For the period ended 30/06/2012	For the period ended 31/03/2011
I. Revenue from operations	20	14,325.21	16,915.97
II. Other income	21	291.15	915.35
III. Total Revenue (I + II)		14,616.36	17,831.32
IV. Expenses:			
Cost of raw materials consumed	22	21,949.25	13,413.45
Stores and spares consumed	22a	318.72	575.33
Changes in stock of Finished Goods & Work-in- progress	22b	1,095.95	(647.43)
Employee benefit expenses	23	632.05	328.23
Managing Directors Remuneration		-	4.83
Finance costs	24	3,175.00	1,292.90
Power and Fuel		753.29	482.36
Depreciation	10	1,995.50	918.85
Other expenses	25	1,392.31	941.29
V. Total Expenses		31,312.07	17,309.81
VI. Profit/(Loss) before exceptional items and tax (III-V)		(16,695.71)	521.51
VII. Exceptional items - Exchange Fluctuation Loss		6,044.77	-
VIII. Profit/(Loss) before tax (VI- VII)		(22,740.48)	521.51
X. Tax expense:			
(1) Provision for taxation for earlier years		0.10	10.98
(2) Deferred tax		677.97	257.65
(3) Mat Credit Available		-	71.35
X. Profit/(Loss) after tax for the period (VIII-IX)		(23,418.55)	181.54
XI. Earnings per equity share:			
(1) Basic		(106.58)	0.85
(2) Diluted		(106.58)	0.85
Significant Accounting Policies	1		
Notes to the Financial Statements	2 to 40		

In terms of our report of even date

For and on behalf of the Board of Directors

For Agarwal Sangneria & Co.
Chartered Accountants
Firm Registration No. 317224E

(P.K. Agarwal)
Partner
Membership No. 53496

(S. L. Agarwal)
Managing Director

(S. Vasanthi)
Director
(Technical & Marketing)

(N. Didwania)
Company Secretary
& CFO

Place : Kolkata
Date : 29th August 2012

CASH FLOW STATEMENT

For the period ended 30th June 2012

(₹ in lacs)

	Notes	30/06/2012	31/03/2011
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) before tax		(22,740.47)	521.50
Adjustments for:			
Depreciation		1,995.50	918.85
Preliminary Expenses W/Off		92.89	9.33
Loss on sale / adjustments of Fixed Assets		10.64	0.45
Interest (Net)		3,175.00	988.29
		5,274.03	1,916.92
Operating Profit before Working Capital Changes		(17,466.44)	2,438.42
Adjustments for:			
Trade and Other Receivables		4,430.06	721.96
Provision for Doubtful Debts		(259.70)	(7.27)
Inventories		8,556.17	(4,920.19)
Trade payables		(2,433.90)	8,738.64
		10,292.63	4,533.14
Cash generated from operations		(7,173.81)	6,971.56
Interest paid (Net)		(3,175.00)	(988.29)
Direct Taxes paid/refund		(72.43)	(14.94)
		(3,247.43)	(1,003.23)
Cash Flow before extraordinary items		(10,421.24)	5,968.33
Extraordinary item of Expenditure/Income		-	-
Net Cash from Operating Activities		(10,421.24)	5,968.33
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(7,258.28)	(4,671.99)
(Payments)/Adjustment for Capital Work-in-progress		5,307.97	(5,534.93)
Sale of Fixed Assets		76.15	14.78
Sales / (Purchase) of Investments		1,438.59	2,053.90
Net Cash used in Investing Activities		(435.57)	(8,138.24)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Issue of Equity Shares		(4.64)	562.50
Dividend (including tax) paid		-	-
Proceeds from Long Term Borrowings		11,710.57	(918.92)
Proceeds from Short Term Borrowings		(236.01)	2,724.46
Net Cash generated from Financing Activities		11,469.92	2,368.04
Net increase in Cash and Cash Equivalents (A+B+C)		613.11	198.13
Opening Balance of Cash and Cash Equivalents		913.99	715.86
Closing Balance of Cash and Cash Equivalents		1,527.10	913.99
		(613.11)	(198.13)

In terms of our report of even date

For and on behalf of the Board of Directors

For Agarwal Sangneria & Co.
Chartered Accountants
Firm Registration No. 317224E

(P.K. Agarwal)

Partner

Membership No. 53496

Place : Kolkata

Date : 29th August 2012

(S. L. Agarwal)

Managing Director

(S. Vasanthi)

Director

(Technical & Marketing)

(N. Didwania)

Company Secretary

& CFO

NOTES TO THE FINANCIAL STATEMENTS

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 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 or market price whichever is lower.
 - 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) The diminution in carrying amount of investment which are considered temporary are not provided for in the books.
- (f) Sales are net of returns and are inclusive of sale of Raw Materials, stores & spares and impact of foreign exchange gain/loss if any. Accordingly, consumption of Raw Materials and Stores & Spares also includes the sale thereof, if any.
- (g) Purchases are net of rebates and discounts including those in respect of purchases made in earlier years and impact of foreign exchange gain / loss, if any.
- (h) The foreign exchange gain / loss on Foreign Currency Term Loans, External Commercial Borrowings, Foreign Currency Convertible Bonds, Capex FLC, Buyer's Credit and Supplier's Credit have been shown as exceptional items in the Statement of Profit and Loss.
- (i) In respect of retirement benefits in the form of Provident Fund, the contribution payable by the Company for the year is charged to revenue.
- (j) 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. The Company has obtained an actuarial valuation certificate for the total amount of gratuity to be provided till 30th June 2011. The provision for the period from 01st July 2011 to 30th June 2012 has been made on an estimated basis pending the actuarial valuation certificate.
- (k) 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.
- (l) 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. 28(d) also]
- (m) 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 recognised, 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.
- (n) Borrowing cost incurred in relation to the acquisition or construction of assets are capitalised / 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SHARE CAPITAL

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Authorised 3,00,00,000 (3,00,00,000) Equity Shares of ₹10/- each	3,000.00	3,000.00
Issued,Subscribed and Paid up 1,12,86,533 (1,12,86,533) Equity shares of ₹10/- each fully paid up in cash	1,128.66	1,128.66
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
TOTAL	2,197.31	2,197.31

a. Reconciliation of Equity Shares

Particulars	As at 30/06/2012		As at 31/03/2011	
	Number of Shares	Amount (₹ in lacs)	Number of Shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	2,19,73,066	2,197.31	2,09,73,066	2,097.31
Shares Issued during the year	-	-	10,00,000	100.00
Shares outstanding at the end of the year	2,19,73,066	2,197.31	2,19,73,066	2,197.31

b. Terms and rights attached to the Equity shares

The Company has only one class of Equity Shares having a par value of ₹10/- per Share. Each holder of equity shares is entitled to one vote per share held. All shares ranks pari passu with respect to the dividend, voting rights and other terms. The Dividend Proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, normally the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. 80,69,422 (36.72%) No. of Equity Shares of the company are held by promoter and the promoter group as on 30th June 2012

d. Details of shareholders holding more than 5% of total shares of the Company:

Particulars	As at 30/06/2012		As at 31/03/2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S L Industries Pvt. Ltd.	55,19,674.00	25.12%	55,17,674.00	25.11%
Tysom Agencies Pvt. Ltd.	20,00,000.00	9.10%	20,00,000.00	9.10%
The Royal Bank of Scotland Plc as trustee of the Jupiter India Fund	18,46,162.00	8.40%	14,84,936.00	6.76%
Mavi Investment Fund Limited	14,92,500.00	6.79%	14,92,500.00	6.79%
The Indiaman Fund Limited	11,64,776.00	5.30%	11,64,776.00	5.30%

e. 99,86,533 nos. of Equity Shares of ₹10/- each fully paid issued by way of Bonus Shares in financial year 2009-10

NOTES TO THE FINANCIAL STATEMENTS

3 RESERVES & SURPLUS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
a. Capital Reserves		
Opening Balance	610.38	328.38
Add: Application Money against Shares Warrant Forfeited	-	282.00
Closing Balance	610.38	610.38
b. Securities Premium Account		
Opening Balance	9,216.12	8,877.42
Add: Premium on Share Capital issued	-	650.00
Less: Transfer to FCCB Redemption reserve	607.30	311.30
Closing Balance	8,608.82	9,216.12
c. FCCB Redemption Reserve		
Opening Balance	1,485.00	1,173.70
Add: Transfer from Security Premium	607.30	311.30
Less : Adjustments for previous years	4.64	-
Closing Balance	2,087.66	1,485.00
d. Revaluation Reserve		
Opening Balance	1,918.42	1,918.42
Add: Transfer during the period	-	-
Closing Balance	1,918.42	1,918.42
e. Surplus/ (Deficit) in Profit & Loss Account		
Opening balance	2,771.81	2,590.27
Add: Net Profit/(Loss) for the period	(23,418.54)	181.54
Closing Balance	(20,646.73)	2,771.81
Total	(7,421.45)	16,001.73

4 LONG TERM BORROWINGS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
A. Secured		
(a) Term loans from Banks		
Facility A - Term Loan	14,665.44	11,688.55
Facility B - Working Capital Term Loan	7,020.52	-
Facility C - Funded Interest Term Loan	674.33	-
(All the above loans are secured by way of first pari passu charge on the entire Fixed Assets of the company situated at Falta SEZ Unit and second pari passu charge on the entire Current Assets of the company and guaranteed by Managing Director and corporate guarantee of the Promoter Company)		
(b) Other loans and advances		
(i) Buyers Credit - Foreign Currency Loans from Overseas Banks	2,241.95	2,181.03
(Foreign Currency Loans in the form of Buyer's Credit from overseas banks are secured against capex letter of credits issued by the bankers of the Company)		
(ii) Vehicle Loans	17.75	29.77
Sub Total of Secured Loans	24,619.99	13,899.35
B. Unsecured		
(a) Foreign Currency Convertible Bonds (including effect of Foreign Exchange Fluctuation)	9,552.48	7,546.56
Less: Amount disclosed under other current liabilities (refer note 8)	(9,552.48)	-
Sub Total	-	7,546.56
(b) Loan from related party	617.50	2,503.73
From Promoter Company (including Interest Accrued)		
(c) Loan from others	870.23	-
From Joint Stock Companies (including Interest Accrued)		
Sub Total of Unsecured Loans	1,487.73	10,050.29
Total	26,107.72	23,949.64

NOTES TO THE FINANCIAL STATEMENTS

5 OTHER LONG TERM LIABILITIES

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
(a) Trade Payables	664.36	376.84
(b) Payables for capital contracts	3,513.00	13.23
(c) Security Deposit against Land Development Agreement	200.00	200.00
(d) Advances against Land Development Agreement	72.44	-
(e) Advances from customers	554.04	559.24
Total	5,003.84	1,149.31

6 LONG TERM PROVISIONS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Provisions for Gratuity	40.27	-
Total	40.27	-

7 SHORT TERM BORROWINGS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Secured		
Loans repayable on demand from banks		
- Export Packing Credit	1,550.72	6,283.50
- Cash Credits/Working Capital Demand Loan	5,063.20	1,076.22
- Bills for Collection	509.80	-
(All the above loans are secured by way of first pari passu charge on the entire current assets of the company, second pari passu charge on the entire fixed assets of the Falta SEZ unit, personal guarantee of Managing Director and corporate guarantee of the promoter company)		
Total	7,123.72	7,359.72

8 OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
(a) Foreign Currency Convertible Bonds - including effect of exchange fluctuation (refer note 4)	9,552.48	-
(b) Interest accrued but not due on secured loans	82.44	23.97
(c) Interest accrued and due on secured loans	132.76	2.88
(d) Unpaid dividends	11.25	9.31
(e) Statutory Liabilities payable	161.73	40.95
(f) Overdrawn Balance in current bank account	-	349.17
(g) Advances from customers	1.41	85.11
(h) Salary, Wages and Bonus payable	49.35	36.04
(i) Other Payables *	170.59	2.22
Total	10,162.01	549.65

*Other payables includes liabilities for rent payable, insurance premium and miscellaneous payables

NOTES TO THE FINANCIAL STATEMENTS

9 SHORT TERM PROVISIONS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Provisions for :		
Income Tax	122.64	350.00
Excise Duty	100.00	100.00
Fringe Benefit Tax	-	5.88
Total	222.64	455.88

10 FIXED ASSETS

(₹ in lacs)

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION			NETBLOCK		
	As at 01 April 2011	Additions during the year	Disposals/ Adjustments during the year	As at 30 June 2012	As at 01 April 2011	Depreciation charged for the period	Less: For disposals	As at 30 June 2012	As at 30 June 2012	As at 31 March 2011
Tangible Assets										
Leasehold Land	1,982.64	-	-	1,982.64	-	-	-	-	1,982.64	1,982.64
Buildings	4,262.75	1,625.15	-	5,887.90	320.53	217.08	-	537.61	5,350.29	3,942.22
Plant and Machinery	25,648.74	5,593.30	51.69	31,190.35	2,882.31	1,719.79	2.50	4,599.59	26,590.75	22,766.43
Furniture and Fixtures	320.02	1.15	-	321.18	45.40	25.35	-	70.75	250.43	274.63
Computer	79.12	1.51	-	80.63	47.64	16.27	-	63.92	16.71	31.47
Office Equipment	52.51	11.68	-	64.19	6.59	3.76	-	10.35	53.84	45.92
Motor Vehicles	118.68	14.85	32.92	100.61	23.23	13.26	5.96	30.53	70.08	95.45
Grand Total	32,464.46	7,247.64	84.61	39,627.49	3,325.71	1,995.50	8.46	5,312.75	34,314.74	29,138.75
Previous Year	25,911.65	6,569.95	17.14	32,464.46	2,429.24	918.85	22.37	3,325.71	29,138.75	23,482.41

Notes:

- 1: Leasehold Land of Salt Lake unit has been acquired under a lease of 90 years with a renewal option.
- 2: Leasehold Land of Falta SEZ unit has been acquired under a lease of 15 years with a renewal option.

11 NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Other Investments		
(a) Investments in unquoted shares - NIL Ordinary Shares (Previous Year 9600 Ordinary Shares of Singapore Dollar 1.00 each fully paid up in Micro Power Trading Co. Pte Ltd., Singapore)	-	1,453.69
(b) Investment in overseas joint venture - Websol Energy System Europe KG (refer note - 38)	15.10	-
Total	15.10	1,453.69

NOTES TO THE FINANCIAL STATEMENTS

12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Capital Advances	617.16	54.84
Security Deposits	148.99	219.47
Loans & Advances recoverable in cash or in kind		
Advances for raw materials	823.94	5,376.42
Loans to Overseas Corporate Bodies	975.35	975.35
Loans to Overseas Joint Venture	18.45	-
Loans to Other Corporate Bodies	516.42	-
Advances to suppliers and others	392.09	373.45
Total	3,492.40	6,999.53

13 OTHER NON CURRENT ASSETS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Trade Receivables outstanding for a period exceeding twelve months		
Unsecured, considered good	332.00	184.79
Unsecured, considered doubtful	266.97	7.27
	598.97	192.06
Less: Provision for doubtful debts	266.97	7.27
	332.00	184.79
Miscellaneous Expenditure to the extent not w/off	70.15	163.04
Total	402.15	347.83

14 CURRENT INVESTMENTS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Investments in Mutual Fund – 18,168.05 units of Principal Large Cap Fund – Growth Plan – Quoted	5.00	5.00
Market Value as on the Balance Sheet date	(4.85)	(5.25)
Total (At Cost)	5.00	5.00

15 INVENTORIES

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Raw Materials	1,038.92	8,575.59
Work-in-progress	1,500.91	2,136.32
Finished goods	516.22	976.76
Stores and spares	276.45	200.00
Total	3,332.50	11,888.67

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE RECEIVABLES

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Trade receivables outstanding for a period less than six months from the date they became due for payment		
Unsecured, considered good	646.95	3,839.08
Less: Bills Discounted	-	2,343.91
	646.95	1,495.17
Trade receivables outstanding for a period exceeding six months but upto twelve months from the date they became due for payment		
Unsecured, considered good	1,078.26	-
Total	1,725.21	1,495.17

17 CASH AND BANK BALANCES

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Cash and Cash Equivalents		
In Current and EEFC Accounts	43.49	21.55
In Unpaid dividend accounts	11.25	9.31
Cash in hand	2.40	2.21
Other Bank Balances		
Term deposits with more than 12 months Maturity/Margin Accounts	1,469.96	1,230.10
Total	1,527.10	1,263.17

18 SHORT-TERM LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Advances for capital goods	22.76	897.89
Security Deposits	32.93	15.90
Loans to Corporate Bodies	376.40	709.62
Advance / Provisional Payment of Income Tax	-	165.98
Income Tax Deducted at Source	222.47	211.42
Advance Payment of Fringe Benefit Tax	-	5.98
Advance for projects	7.58	-
Advance to suppliers and others	1,390.32	1,355.69
Total	2,052.46	3,362.48

19 OTHER CURRENT ASSETS

(₹ in lacs)

	As at 30/06/2012	As at 31/03/2011
Bank Interest Receivable	138.56	29.92
Miscellaneous Expenditure to the extent not w/off	74.31	74.31
Total	212.87	104.23

NOTES TO THE FINANCIAL STATEMENTS

20 REVENUE FROM OPERATIONS

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Sale of products (Solar Photovoltaic Cells and Modules)	14,318.56	16,915.97
Other operating revenues – Scrap Sale	6.65	–
Total	14,325.21	16,915.97

21 OTHER INCOME

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Interest Income from Bank Deposits	177.98	44.85
Interest Income on loan to overseas corporate bodies	–	237.94
Foreign Exchange Fluctuation Profit	–	575.83
Interest Income from others	50.09	21.82
Sundry Balances written back	14.84	0.15
Miscellaneous Income	48.24	34.76
Total	291.15	915.35

22 COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Opening stock	8,575.59	4,432.83
Add: Purchases	13,992.26	17,540.43
Carriage Inward	284.32	220.46
Processing Charges	2.80	–
Exchange Fluctuation	133.20	(204.68)
	22,988.17	21,989.04
Less: Closing stock	1,038.92	8,575.59
Cost of raw material consumed	21,949.25	13,413.45
Raw Material consumed comprises:		
Silicon Wafers	17,371.75	9,951.44
Silver & Aluminum Paste	1,662.09	1,689.61
Ethyl Vinyl Acetate	335.43	245.96
Isopropyl Alcohol	61.94	48.62
Tempered Glass	568.31	368.25
Tedlar	420.57	208.16
Other materials*	1,529.16	901.41
Total	21,949.25	13,413.45

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

NOTES TO THE FINANCIAL STATEMENTS

22a STORES & SPARES CONSUMED

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Opening Stock	200.00	70.00
Add : Purchases	395.17	705.33
	595.17	775.33
Less : Closing Stock	276.45	200.00
Consumption	318.72	575.33

22b CHANGES IN STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Inventories at the beginning of the year:		
Finished goods	976.76	1,228.85
Work-in-progress	2,136.32	1,236.80
	3,113.08	2,465.65
Inventories at the end of the year:		
Finished goods	516.22	976.76
Work-in-progress	1,500.91	2,136.32
	2,017.13	3,113.08
Net (increase) / decrease	1,095.95	(647.43)

23 EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Salaries, allowances, bonus and gratuity	568.49	292.56
Contributions to provident and other funds	49.05	21.69
Staff welfare expenses	14.51	13.98
Total	632.05	328.23

24 FINANCE COSTS

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Interest expense on		
- Term Loans	1,376.40	383.41
- Packing Credits and Cash Credits	731.08	578.32
- Bills Discounting	311.51	261.44
- Others including Buyers Credit interest	573.61	69.73
Other borrowing costs	182.39	-
Total	3,174.99	1,292.90

NOTES TO THE FINANCIAL STATEMENTS

25 OTHER EXPENSES

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Audit Fees (refer note 32)	4.69	2.38
Bank Commission and Charges	174.75	144.70
Carriage Outward	125.76	265.11
Insurance	131.95	24.42
Loss on sale of fixed assets	10.64	0.45
Miscellaneous	235.77	229.80
Other Selling Expenses	6.35	57.48
Preliminary Expenditure w/off	92.89	59.34
Prior Period Expenses	44.55	5.35
Provision for doubtful debts	259.70	7.27
Rates & taxes	3.88	0.98
Rent	33.38	3.37
Repairs to building	5.04	-
Repairs to machinery	26.02	15.75
Repairs to others	8.55	13.87
Testing Charges	109.43	15.70
Travelling and Conveyance	118.96	95.32
Total	1,392.31	941.29

26. The Company has incurred substantial losses during the period under report due to significant downturn in the global solar market, abrupt and unprecedented decline in the inventory prices and the high volatility in the foreign exchange rates. This severely impacted the cash flow position of the company and prompted the company to approach the lenders for restructuring of its debts. At the request of the Company the lead Bank of the Company i.e., Allahabad Bank, approved and sanctioned the restructuring scheme, under bilateral restructuring, on 27th March, 2012. Under the debt restructuring scheme, the existing Term Loans have been restructured whereby the term of repayment has been extended till 31st December, 2020 and rates of interest have been linked to the Base Rates of the Banks. The existing irregularity in the working capital facilities have been carved out and converted into working capital term loans with the repayment commencing from 31st October, 2013. In addition, the interest on such facilities w.e.f. 01st October 2011 till 30th September 2013 shall be funded by way of

Funded Interest Term Loan which is repayable from 31st October 2013. As on the Balance Sheet date three working capital provider Banks viz., Standard Chartered Bank, Dena Bank and HDFC Bank and one term lender viz., EXIM Bank have not restructured the credit facilities.

27. Estimated amounts of Capital Contracts as at 30th June, 2012 and not provided for ₹ 2013.93 Lacs (Previous period ₹ 5508.73 Lacs). Total Advances paid there against ₹ 639.93 Lacs including ₹ 345.20 Lacs in foreign currency (Previous period ₹ 952.73 Lacs including ₹ 313.63 Lacs in Foreign Currency)

28. Contingent Liabilities –

- Outstanding Bank Guarantees ₹ 184.32 Lacs (Previous period ₹ 97.55 Lacs)
- Outstanding Letter of Credit ₹ 70.00 Lacs (Previous period ₹ 271.02 Lacs)

NOTES TO THE FINANCIAL STATEMENTS

(c) Outstanding Bills Discounted with Banks ₹ Nil Lacs (Previous period ₹ 2,343.91 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 ₹1029.95 Lacs (Previous period ₹ 763.60 Lacs)

(f) Outstanding Capex Letter of Credits ₹4667.08 Lacs (Previous period ₹ 4,327.50 Lacs) for import of Capital Goods

29. Based on and to the extent of information obtained from the suppliers regarding their status as Micro, Small or Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 there are no amounts due to them as at the end of the period under reporting.

30. Since there is no reasonable certainty that sufficient future taxable

income will be available, the measurement of deferred tax asset, which may be realised, has not been considered in these accounts.

31. The cash flows prepared by the management and approved by the Banks as per the restructuring scheme were based on the current prices and have been considered for impairment assessment. Based on such analysis, the cash flow projections do not indicate impairment as at the Balance Sheet date.

32. Amounts paid / payable to Auditors –

(a) Audit fees ₹ 3,12,500/- (Previous period ₹ 1,50,000/-), plus the applicable service tax.

(b) In other capacity in respect of certification work ₹62,500/- (Previous period ₹37,500/-) plus the applicable service tax.

(c) For Audit under section 44AB of the Income Tax Act, 1961 ₹93,750/- (Previous period ₹50,000/-), plus the applicable service tax.

33. Balances of Debtors, Creditors and Loans and Advances are subject to confirmation and reconciliation with respective parties

34

(A) Value of Imported & Indigenous Raw Materials and Stores & Spares consumed during the period.

(₹ in lacs)

Particulars	For the period ended 30/06/2012		For the period ended 31/03/2011	
	₹ in lacs	%	₹ in lacs	%
1.Raw Materials				
- Imported	21,190.82	96.54	12,928.82	96.39
- Indigenous	758.42	3.46	484.63	3.61
Total	21,949.24	100.00	13,413.45	100.00
2.Stores & Spares				
- Imported	211.73	66.43	375.80	65.32
- Indigenous	106.98	33.57	199.54	34.68
Total	318.72	100.00	575.33	100.00

(B) CIF value of imports

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Raw Materials	13,516.65	17,495.07
Capital Goods	394.70	7,771.05
Components & Spares	277.49	510.29

NOTES TO THE FINANCIAL STATEMENTS

(c) Expenditure in Foreign Currency (including outstanding liability)

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Travelling	14.89	11.66
Bank Charges	14.50	10.67
Interest on Foreign Currency Loans	884.99	365.57
Testing Charges	85.15	9.51
Advertisement in Foreign Journals	4.74	0.19
Professional & Consultancy Charges	NIL	30.44
Listing Fees	4.80	2.79
Commission	2.47	NIL
Newspaper, Books & Periodicals	0.59	NIL

(d) Earning in Foreign Currency (including outstandings)

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
F.O.B. Value of Exports	11,223.60	16,035.47
Interest on Unsecured Loans	NIL	237.94

35 DIRECTOR'S REMUNERATION:

Salary & Medical Re-imbursments including PF contribution & bonus

(₹ in lacs)

	For the period ended 30/06/2012	For the period ended 31/03/2011
Mr. S.L. Agarwal, Managing Director	15.08	6.44
Mrs. S. Vasanthi, Director (Technical & Marketing)	10.50	4.12
(This sum is debited to respective head of accounts)		

36. Since the Company is dealing in only one product i.e., Solar Photo-Voltaic Cells and Modules, segmental reporting as prescribed under Accounting Standard 17 is not applicable.

37 EARNINGS PER SHARE:

		For the period ended 30/06/2012	For the period ended 31/03/2011
(a) Profit After Tax	₹ in Lacs	(23,418.54)	181.54
(b) Weighted Average number of equity shares of ₹10 each			
Total number of Shares	Nos.	2,19,73,066	2,19,73,066
(c) Earning Per Share (Basic)	₹	(106.58)	0.85
(d) Profit After Tax for Diluted EPS	₹ In Lacs	(23,418.54)	181.54
(e) Weighted Average number of equity shares for Diluted EPS	Nos.	2,19,73,066	2,19,73,066
(f) Earning Per Share (Diluted)	₹	(106.58)	0.85

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURE (PURSUANT TO ACCOUNTING STANDARD 18)

i) List of Related Parties and Relationship

Name of the Party	Relationship	Remarks
S. L. Industries Pvt. Ltd.	Associate	Nil
C. L. Enterprises Pvt. Ltd.	Associate	No more Associates since 02nd June 2012
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	
Websol Energy System Europe KG	Joint Venture	Now Called Off
Industry Side Pvt. Ltd.	Associate	Nil
S.L. Agarwal	Key Management Personnel – Managing Director	Nil
S. Vasanthi	Key Management Personnel – Director, Technical & Marketing	Nil

ii) Details of transactions entered with the related parties by the company during the period apart from Director's Remuneration stated in Note No. 35

(₹ in lacs)

Nature of Transactions	Associates		Joint Venture (Now Called off)	
	30.06.12	31.03.11	30.06.12	31.03.11
Interest on Unsecured Loan taken	435.41	65.26	-	-
Unsecured Loans Taken	1,496.62	3,605.00	-	-
Unsecured Loans Repaid	2,904.49	1,160.00	-	-
Unsecured Loan Payable Outstanding	1,487.73	2,503.73	-	-
Unsecured Loan Given and remaining Outstanding	-	-	18.45	-
Investment	-	-	15.10	-
Amount of Shares Allotted on Preferential Basis (including Premium)	NIL	750.00	-	-
Sale of Goods	-	-	3,040.48	-
Amount Receivable against Goods Sold	-	-	1,399.36	-

39. Since the accounting year of the Company is from 01st April 2011 to 30th June 2012, these accounts are for a period of fifteen months and the figures thereof are not comparable with those of previous period to that extent which was for nine months (i.e., 01st July 2010 to 31st March 2011)

40. The financial statements for the nine months ended 31st March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statement for fifteen months period ended 30th June 2012 are prepared as per Revised Schedule VI. Accordingly, the previous period figures have also been reclassified to conform to this period's classification. The adoption of Revised Schedule VI for previous period figures does not impact recognition and measurement.

In terms of our report of even date

For and on behalf of the Board of Directors

For Agarwal Sangneria & Co.
Chartered Accountants
Firm Registration No. 317224E

(P.K. Agarwal)

Partner

Membership No. 53496

Place : Kolkata

Date : 29th August 2012

(S. L. Agarwal)

Managing Director

(S. Vasanthi)

Director

(Technical & Marketing)

(N. Didwania)

Company Secretary

& CFO

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Websol Energy System Limited will be held at Webel Bhavan, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata – 700 091 on Friday, 30th November, 2012, at 10.00 A.M. to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th June, 2012 and the Statement of Profit & Loss of the Company for the financial period ended on 30th June 2012 together with Notes, Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Santosh Kumar Tibrewalla who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Biswa Ranjan Sengupta who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint M/s Agarwal Sangneria & Co., Chartered Accountants, Kolkata as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,
For WEBSOL ENERGY SYSTEM LIMITED

Place: Kolkata
Date: 25th October 2012

Nitin Didwania
Company Secretary & CFO

NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.

b) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.

c) Members are requested to bring their attendance slip along with their copy of annual report to the Meeting

d) The register of members and transfer books of the Company will be closed from Monday, 26th November, 2012 till Friday, 30th November, 2012 (both days inclusive).

e) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participants (DP). Members holding shares in

physical form can submit their PAN details to the Company's Registrar & Share Transfer Agent, M/s R&D Infotech Private Limited.

f) Members holding shares in physical mode are requested to notify immediately changes, if any, in their registered address and bank particulars, to the Company at its Registered Office or to its Registrar & Share Transfer Agent.

g) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by submitting Form No. 2B of the Companies (Central Govt's) General Rules and Forms, 1956 with the Company's Registrar and Share Transfer Agent.

h) Members who hold shares in physical form in multiple accounts in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Registrar and Share Transfer Agent for consolidation of such shareholdings into a single folio.

i) The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies for servicing of various notices and documents to their members through electronic mode. To support this green initiative of the Government in full measure, members

who have not yet registered their e-mail address with the Company can now register the same by intimating their e-mail address to the Company's Registrar and Share Transfer Agent and to the Depository Participant (DP) in respect of shares held in physical mode and demat mode, respectively. Even after registering for e-communication, the members of the Company shall be entitled to receive such communication in physical form, upon request.

j) Re-appointment of Directors

The details of Directors seeking re-appointment at the ensuing Annual General Meeting are produced below in terms of Clause 49 of the Listing Agreement:

Mr. Santosh Kumar Tibrewalla, aged about 49 years holds a bachelor's degree in Commerce as well as Law from Calcutta University. He is a member of the Institute of Company Secretaries of India. He is a practicing Company Secretary and holds vast experience in the field of Corporate Laws.

Mr. Santosh Kumar Tibrewalla is a Non-Executive Independent Director of the Company. He is the Chairman of Share Transfer Committee and member of Remuneration Committee and Shareholder's/Investor's Grievance Committee of the Board of Directors of the Company. He is not a Director in any other

Company. He is not holding any shares in the Company as on 30th June 2012.

Mr. Biswa Ranjan Sengupta, aged about 69 years holds a bachelor's degree in Engineering (Mechanical and Electrical). He is a member of the Institute of Cost Accountant of India. He possesses immense experience in the fields of Banking and Management Consultancy and Finance.

Mr. Biswa Ranjan Sengupta is a Non-Executive Independent Director of the Company. He is the Chairman of Shareholder's/Investor's Grievance Committee and member of Audit Committee, Remuneration Committee and Share Transfer Committee. He is not a Director in any other Company. He is not holding any shares in the Company as on 30th June 2012.

By Order of the Board,
For WEBSOL ENERGY SYSTEM LIMITED

Place: Kolkata
Date: 25th October 2012

Nitin Didwania
Company Secretary & CFO

WEBSOL ENERGY SYSTEM LIMITED
(Formerly: Websol Energy Systems Limited)
Ideal Centre, 9, A.J.C. Bose Road, 5th Floor, Kolkata – 700 017

PROXY FORM

I/We of in the district of being member(s) of Websol Energy System Limited hereby appoint of or failing him/her of in the district of as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Friday, the 30th November 2012 at 10:00 A.M. at Webel Bhawan, Block EP & GP, Sector V, Salt Lake Electronics Complex, Kolkata – 700 091 and at any adjournment(s) thereof.

Signed this day of 2012

DP ID No.*

Client ID No.*

Folio No.

No. of shares held

* Applicable for shares held in electronic form

Notes: 1. The proxy need not be a member of the Company.

2. The Proxy, to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid Meeting.

Affix
Rupee One
Revenue Stamp
& sign across
the same



WEBSOL ENERGY SYSTEM LIMITED
(Formerly: Websol Energy Systems Limited)
Ideal Centre, 9, A.J.C. Bose Road, 5th Floor, Kolkata – 700 017

ATTENDANCE SLIP

I hereby record my presence at the 22nd Annual General Meeting of the Company on Friday, the 30th November 2012 at 10:00 A.M. at Webel Bhawan, Block EP & GP, Sector V, Salt Lake Electronics Complex, Kolkata – 700 091.

Name of the Member (in block letters)	:
DP ID No.*	:
Client ID No.*	:
Folio No.	:
No. of shares held	:

* Applicable for shares held in electronic form

.....
Signature of the Member / Proxy

Note: Please fill this Attendance Slip and hand it over at the entrance of the meeting hall.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. S. L. Agarwal, Managing Director
Mrs. S. Vasanthi, Whole Time Director – Technical & Marketing
Mr. S. K. Pal, Independent Director
Mr. S. K. Tibrewalla, Independent Director
Mr. B. R. Sengupta, Independent Director

COMPANY SECRETARY & CFO

Mr. Nitin Didwania

BANKERS

Allahabad Bank
The Federal Bank Limited
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: +91-33-4023-9031/9000
Fax : +91-33-4023-9011
Email : websol@webelsolar.com
Website : www.webelsolar.com

CORPORATE OFFICE & PLANT

Sector – II, Falta Special Economic Zone, Falta,
District: South 24 Parganas, West Bengal, India
Pin – 743 504
Ph : +91-3174-222932
Fax : +91-3174-222933

REGISTRAR & SHARE TRANSFER AGENTS

R&D Infotech Pvt. Ltd.
7A, Beltala Road, 1st Floor,
Kolkata – 700 026
Phone: +91-33-2419-2641/42
Fax : +91-33-2476-1657
Email : rd.infotech@vsnl.net



Ideal Centre

9, A.J.C. Bose Road, 5th Floor,
Kolkata – 700 017, West Bengal, India
Website : www.webelsolar.com