



WEBSOL ENERGY SYSTEM LIMITED

Annual Report 2018-19

Corporate Information

Board of Directors

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

Miss. S. Jhunjhunwala, *Wholetime Director & CFO*

Mr. D. Sethia, *Independent Director*

Mr. P. Kaushik, *Independent Director*

Company Secretary

Miss. Sweta Biyani

Bankers

Invent Asset Reconstruction Company Limited

Auditors

M/s T. More & Co.

Chartered Accountants

Registered Office

48, Pramatha Choudhury Sarani

Plot 849, Block P, 2nd Floor, New Alipore

Kolkata – 700 053, West Bengal, India

Phone: +91-33-2400 0419, Fax : +91-33-2400-0375

Email : websol@webelsolar.com

CIN : L29307WB1990PLC048350

Corporate Office & Plant

Sector – II, Falta Special Economic Zone, Falta,

District: South 24 Parganas, West Bengal, India

Pin – 743 504, West Bengal, India

Phone : +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

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A. Industry structure and developments

GLOBAL ECONOMIC REVIEW – POCKETS OF OPPORTUNITIES IN CHALLENGING TIMES

Global economic growth remained fairly robust at 3.6% in CY2018, as against 3.8% recorded in CY2017. The growth moderation by 2 bps was primarily on account of weaker performance in the European Union (EU) and China. On the other end, economic growth sustenance for CY2018 was driven by an upsurge in spending due to tax cuts by the United States, the world's largest economy, which grew by 2.9%, equalling its decade-high growth achieved in 2015.

Global trade weakened towards the end of 2018 partly due to the impact of higher energy prices on account of sanctions imposed on Iran, and also partly due to the tariff increases in the United States and China. As the trade dispute between the two giant economies of the US and China further escalated in the beginning of 2019, global growth is estimated to have slowed down as the effects on the disruption in supply chains begins to become evident. In fact, the recent inversion of the yield curve (interest rate on 10-year US government bonds currently lower than on short-term bonds) in the United States, driven in no small measure by the trade dispute, has raised fears of the nation falling into recession late in 2019 or in 2020.

Even as this context plays-out, China is in the process of implementing a stimulus package, which is expected to shore-up its economy in the face of moderating economic growth in the region.

It is clear that a US recession would cast a pall of gloom on the global economy in terms of impacting a direct demand channel. However, recent commentary suggests a cooling-off of relations between the world's two largest economies. This bodes well for global economic growth in the near term.

INDIAN ECONOMIC OVERVIEW – AMONG THE LAST LARGE GLOBAL FRONTIER MARKETS

India is widely considered to be the next frontier of opportunity, considering a population of over 1.3 billion people, median age of below 30 years and economic growth rates that are among the fastest in the world. In this context, India's consumption potential is undoubtable.

The recent Gavekal report mentions an interest consumption categorisation of the population according to their economic profiles. It states that there are 71 million households in the emerging consumer bucket, 33 million aspiring consumers and about 18 million affluent consumers. Though these are certainly humongous population pools, they total only 120 million households, less than half the total who are economically-engaged. The report also forecasts that over the coming

Management Discussion & Analysis

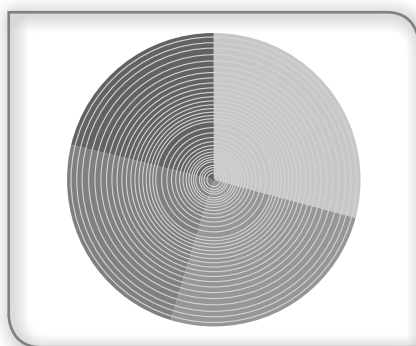
decade, the number of households in the emerging consumer bucket will double to 140 million, the aspiration consumer pool will expand three times its size to over 100 million and the affluent consumers will quadruple to 72 million. In effect, the number of households involved in the modern consumer economy will surge from 120 million to over 310 million.

With such a backdrop, the Indian economy, measured by its GDP (Gross Domestic Product), remained the fastest growing major economy in the world in CY2018. In FY2018-19, the estimated growth rate is 6.8%, driven by strong private consumption growth of over 8%.

Quarterly GDP growth breakup, 2018-19

| Q1 | Q2 | Q3 | Q4P |
|----|----|------|------|
| 8% | 7% | 6.6% | 5.8% |

Source: CSO



During the year under review, the economy continued to witness an increase in investments, with GCF (Gross Fixed Capital Formation) growth at a six-year high of 10%. Furthermore, personal consumption trends remained strong, with personal credit recording a respectable 18% growth YoY, reflective of the strength of India's consumption cycle.

Outlook

The economic outlook for 2019-20 (current year) appears to be challenging, with most major institutions pegging the full fiscal year GDP growth at under 6%. The key contributing factors include the tail effects of two of the most significant reforms – financial reform in terms of demonetisation and taxation reform in terms of the introduction of the Goods and Services Tax (GST), and

the collapse of a major NBFC that ensued a liquidity squeeze and consequent risk-aversion in both lending and borrowing, impacting credit offtake. These were compounded by external issues, including the US-China trade dispute and the looming uncertainty around the terms of the United Kingdom's exit from the EU ("Brexit").

The start of the FY 2019-20 was shaky, with month-on-month personal and commercial vehicle sales declining to multi-year lows. Furthermore, GST collections, a key indicator of economic activity, also remained relatively muted in the first few months of the fiscal.

It is expected that the Indian government will come out with structural policies targetting the impacted sectors with a view to stimulate economic growth. In fact, certain announcements, including the recent roll-back of excess surcharge on FPIs (foreign portfolio investors) bode well, especially for the capital markets.

INDIA'S ENERGY SECTOR – AT THE CUSP OF TRANSFORMATION

To meet the electricity needs of 1.3 billion people in India represents an unparalleled opportunity unavailable anywhere else in the world. However, catering to this unprecedented opportunity requires the development of an efficient, coordinated, economical and robust electricity system essential for providing uninterrupted and quality power for all.

Electrification is being extended wider and deeper in the country through the support of such government schemes as the DDUGJY (Deendayal Upadhyaya Gram Jyoti Yojana) and IPDS (Integrated Power Development Scheme). Furthermore, robust government initiatives like '24x7 Power to All' households and Ujwal Discoms Assurance Yojana (UDAY) has further enhanced viability of distribution companies, enabling the last-mile delivery of economic and uninterrupted power.

It is noteworthy that India's energy sector is undergoing steady transformation, as renewables emerge to take up a larger share of the country's energy sector. This has been primarily driven by the equalisation in installation costs and, in some cases, even lower O&M (operations and maintenance) costs of renewable energy sources.

Management Discussion & Analysis

The faster growth of renewables is also boosted by government policies, which seek to increase renewable capacity further, in line with rising pollution menace and worsening air quality in most cities, coupled with the need to increasingly harness clean and green fuels. For instance, the government approved the National Policy on Biofuels-2018, which has such anticipated outcomes as a cleaner environment, public health benefits, employment generation and boost to infrastructural investments, especially in rural areas.

As on March 31, 2019, India's total installed capacity stood at 3,56,100 MW. Thermal sources continued to have a dominant share at around 63%, followed by renewables (including large hydropower) at about 35%. Due to various challenges, the total capacity addition target for FY 2018-19 was achieved only to the extent of 73%. About 5,921 MW capacity was installed during the year, against the set target of 8,106 MW.

Country-wise power consumption ranking –India possesses significant headroom for power consumption growth

Per capita power consumption, 2016 (KWh)

| USA | Germany | Russia | China | World average | Brazil | India |
|--------|---------|--------|-------|---------------|--------|-------|
| 12,071 | 6,602 | 7,481 | 4,475 | 2,674 | 2,516 | 1,122 |

Analysis of difference in power consumption: USA vs India: ~11x | China vs India: ~4x | World average vs India: 2.3x

India's renewable energy sector

Rising pollution levels and global warming has made climate change a very real threat and one of the most significant issues facing the 21st century. Reversing the effects of climate change has been a central narrative of the incumbent Indian political leadership, even as the country has endorsed the Paris Agreement on Climate Change. Thrust on renewable energy, especially solar, policy initiatives to promote electric vehicles (EVs), and enforcing the implementation of BSVI vehicular emission standards by 1 April 2020 are some of the most visible initiatives of the government to fight against pollution and climate change.

Furthermore, as part of the Nationally Determined Contributions (NDC), India is steadfast to reduce the emissions intensity of its GDP by up to 35% by 2030, from the 2005-level. In this context, renewables are widely seen as key to achieve this ambition.

In a major thrust to the non-conventional energy sector, the Indian government has envisaged as much as 175 GW of energy from renewable sources by 2022 in a bid to provide clean and affordable energy to all. Notably, the target has been extended to 227 GW. Clearly, the drive towards clean energy is framed in response to strong economic growth rates that has raised the demand for energy, and to achieve neutralisation in carbon emissions as much as possible with a view to achieve sustainable growth.

The importance of renewable energy in India's total energy basket can be gauged from the fact that out of the 113 GW capacity installed over the past five years (FY14 to FY19), a majority of it was based on clean energy. It is no surprise then that renewable energy installations have expanded three-fold to over 78GW capacity as on March 31, 2019, compared with 25 GW as on March 31, 2012, constituting approximately 22% of total current generation capacity. Following the announcement to classify large hydropower projects as renewable energy sources by the government in March 2019, renewable energy constitutes 34.7% of total current generation capacity.

In India, the case for solar power is robust, considering the fact that one of the major growth drivers comprises the fact that the country has achieved grid parity in solar bids (APPC or average power purchase cost basis), which has consistently declined from Rs. 3.30 / KWh as on February 2017, to Rs. 2.48 / KWh by March 2019.

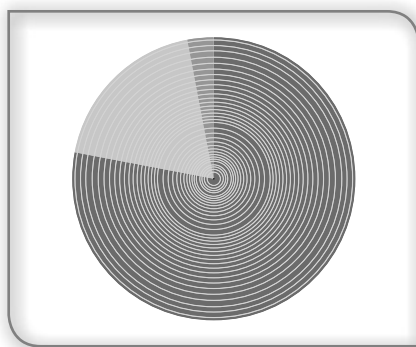
Management Discussion & Analysis

CERC APPC –Solar bids achieve grid parity in India*

| Feb-17 | Oct-17 | Dec-17 | Apr-18 | Sept-18 | Feb-19 |
|--------|--------|--------|--------|---------|--------|
| 3.30 | 3.15 | 2.44 | 2.47 | 2.44 | 2.48 |

Source: MNRE

Share of renewables in power generation –A low share indicates substantial headroom for long-term growth

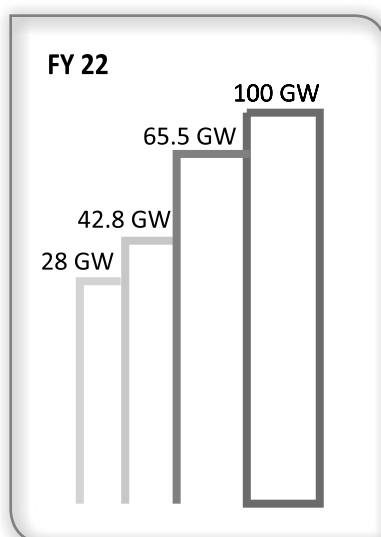


| Energy source | Percentage share |
|---------------------------------|------------------|
| Thermal | 78% |
| Renewable, including hydropower | 19% |
| Nuclear | 3% |

Projected capacity addition in the run-up to 175 GW – Accelerating YoY capacity increase

| Year | Capacity |
|------|----------|
| FY19 | 28 GW |
| FY20 | 42.8 GW |
| FY21 | 65.5 GW |
| FY22 | 100 GW |

Source: CEA projections



India's solar energy sector

Among the various renewable energy resources, solar energy's potential is the highest in India. In most parts of the country, clear sunny weather is experienced 250 to 300 days a year. The annual radiation varies from 1,600 to 2,200 kWh/m², which is comparable with radiation received in the tropical and sub-tropical regions. The equivalent energy potential is about 6,000 million GWh of energy per year (Ministry of New and Renewable Energy). Furthermore, solar energy, offers significant advantage of permitting decentralised distribution of energy, thereby empowering people at the grassroots level and reaching energy to energy-starved and power-deficient regions.

With the objective to establish India as a global leader in solar energy, and by creating the policy framework conducive for enabling the effective and speedy diffusion of solar power across the country, the government launched the National Solar Mission. Moreover, the National Tariff Policy was amended in January 2011 to prescribe solar-specific RPOs (Renewable Energy Purchase Obligations) to be increased from a minimum of 0.25% in 2012 to 3% by 2022. Central and state electricity boards have issued numerous regulations, including solar RPOs, REC

framework, tariffs, grid connectivity plans, etc., for promoting solar energy. Also, many states have come up with their own policy on solar as well.

Management Discussion & Analysis

Solar energy in India – Wide difference between potential and reality

| | |
|---------------------------------|--------|
| Potential | 750 GW |
| Installed capacity (March 2019) | 26 GW |

Analysis of difference in potential generation and installed capacity 726 GW

In view of the ongoing efforts of central and state governments and various agencies for promoting solar energy, the Ministry of New and Renewable Energy (MNRE) has undertaken an exercise to track and analyse issues in the fulfillment of solar power purchase obligations and implementation of Solar REC framework in India. This would go a long way to help various stakeholders to understand the challenges and opportunities in the development of solar power, thereby boosting the confidence of players, while inviting increased investments into the sector.

Factors promoting solar energy in India

Improvements in technology and efficiency, leading to decline in module prices

- Augmentation in plant design and equipment, leading to more robust generation and declining tariffs

- Lower costs encouraging increase in tender sizes and larger solar parks, providing higher scale economies

- Serious players have entered the market and helped reduce the intensity of both capital and working capital costs

- Growing state support in making land available for larger parks and also offering other incentives; special thrust also on rooftop solar power

- Improving evacuation infrastructure, enhancing the confidence of players and providing robust support

- Protected viability even in the face of declining tariffs, indicating maturity of the sector

- Non-inflationary tariff character provides incremental benefit over PPA lifecycle, while also ensuring the protection of consumer interest

Rooftop solar is yet another exciting frontier of opportunity. The share of rooftop solar is estimated at just about 14-15% of the cumulative solar installation in India. As per government data, total rooftop solar installations in the country is estimated at about 1,700 MW. The government has provided cumulative financial assistance/incentives to the tune of Rs 169.73 crore for fiscal 2017-18 and Rs 446.77 crore in fiscal 2018-19 under the Grid-Connected Rooftop Solar programme. Moreover, the government has set a target of installation of 40,000 MW of rooftop solar projects by the year 2022 in the country.

India is also gearing up to add 500 GW of renewable energy to its electricity grid by 2030 in a bid to reduce the impact of Greenhouse Gases (GHGs) in its cities. Supporting this mission is Websol, a frontline solar energy enterprise that is committed to provide clean and green solar energy for all.

Solar potential in India vis-a-vis the world –The case for solar in India, a country that stands tall in solar irradiation (kWh/m²)

| India | Germany | China | USA (California) | MENA* | Mexico | Australia |
|-------|---------|-------|------------------|-------|--------|-----------|
| 2,100 | 1,300 | 1,600 | 2,050 | 2,300 | 2,150 | 2,100 |

*Middle East & North Africa

Source: CEA, solargis.com

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B. Opportunities and threats

Supported by its robust consumer pool, India is expected to remain as one of the fastest-growing emerging market economies in the world generating consistent growth rates. With key reforms, including the implementation of GST, adoption of inflation targeting measures, new bankruptcy code (IBC), financial inclusion, liberalisation of foreign direct investment (FDI) and measures to curb black money will help India in improving its productivity dynamics and in the achievement of sustainable growth. Enhanced spending on infrastructure, including power, quicker project implementation and continuation of structural reforms are expected to provide further impetus to growth.

On the renewable energy front, the Government of India has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which includes 100 GW of solar power and 60 GW of wind power. The government is also preparing a 'rent a roof' policy for supporting its target of generating 40 GW of power through solar rooftop projects by 2022. Further, the National Solar Mission has been launched to harness solar energy's full potential, as part of meeting the country's energy security. India has huge potential to become the leader in this area. Solar parks and solar plants are being established to ensure that solar energy reaches even the remotest corners of the country. In effect, the solar power sector is bound to play a major role in the years to come, as the country looks to meet its growing energy needs.

Furthermore, strategic policy interventions and the government's thrust to raise renewables-based power generation capacity target to 227 GW by 2022 from the initial target of 175 GW bolsters India's position as a world leader in renewables. It is also pertinent to note that the establishment and mass adoption of a low-cost and low-emission technology for power generation is not only crucial for fulfilling socio-economic development objectives, but also critical for India to deliver on its commitments under the Paris Accord.

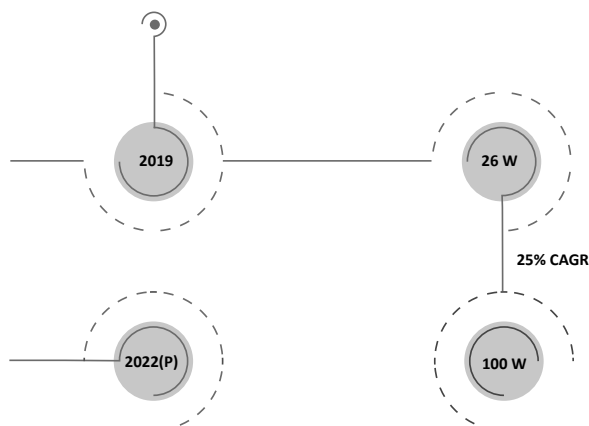
India made three primary commitments as part of the Intended Nationally Determined Contribution (INDC) to be achieved by 2030. These comprise:

- Lowering greenhouse gas emission intensity of its GDP by 33-35%
- Ensuring 40% of power generation capacity to be based on non-fossil fuels
- Creation of an additional 'carbon sink' of 2.5-3 billion tonnes of CO² equivalent by increasing the green cover

Recent government report suggests that India is on track to meet two of the three targets, i.e. target for emission-intensity of the economy and share of non-fossil fuel-based power capacity, much ahead of 2030.

Particularly in solar, recent estimates have suggested that India's solar potential is 10,000+ GW, almost five times more than the potential of wind power. To effectively capitalise on this opportunity, the central and state governments are increasingly looking beyond current programmes and policies to holistically engage with all constituents of the ecosystem.

India's solar energy ambitions – Roadmap to 2020



Management Discussion & Analysis

As India pushes forward to achieve its solar ambitions to 100 GW, it is estimated that a mammoth USD 100 billion would be invested in the renewable energy sector.

C. Outlook

India is taking several steps to fructify its dream of a clean energy future, evident in the fact that the largest renewable capacity expansion programme in the world is being taken up by India.

Some of the key government initiatives to drive the renewable energy sector include:

● Solar Park Scheme

MNRE has come up with a scheme to set up a number of solar parks across several states, each with a capacity of almost 500 MW. The scheme proposes to offer financial support by the government to establish solar parks to facilitate the creation of infrastructure required for setting up new solar power projects in terms of allocation of land, transmission, access to roads, availability of water, etc.

● VGF (Viability Gap Funding) Scheme

VGF support will be provided for setting up of grid-connected solar PV projects of a minimum 2,000 MW capacity by solar power developers on build-own-operate basis.

● Government Yojana Solar Energy Subsidy Scheme

Under this Scheme, financial assistance and capital subsidy will be provided to the applicant to the extent of 50%, 75% and 90% of the basis cost of the solar energy plant. The Government Yojana entitles a person to a subsidy if he has solar panels installed on the rooftop. The subsidy is decided as per the capacity of the solar power plant. A benefit is that people will be able to cut down on their electricity bills.

● UDAY Scheme

UDAY or Ujjwal Discoms Assurance Yojna was launched in November 2015 as a revival package for electricity distribution companies with the idea to find permanent solar power solutions.

● Rooftop Scheme

Under the rooftop scheme executed by SECI (Solar Energy Corporation of India), 200 MW of projects has been allocated, out of which 45 MW of capacity have been commissioned. Addition to this, special schemes including 73 MW for warehouses and 50 MW for the CPWD (Central Public Works Department) have been launched.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Webbsol strives to strengthen its internal control systems and processes for enabling the smooth and efficient conduct of business and also to comply with all relevant laws and regulations. Furthermore, we believe in responsible decentralisation and a comprehensive framework for delegation of power exists for ensuring smooth decision-making. Well-structured guidelines for preparation of accounts are followed for uniform compliance. Furthermore, all key functional areas are governed by respective operating manuals. In order to ensure that all systemic checks and balances are in place and all internal control systems are in order, regular internal audits are conducted by experienced firms of accountants in close co-ordination with the company's Internal Audit Department.

E. DISCUSSION ON FINANCIAL PERFORMANCE

Lacklustre demand and heightened price erosion on account of increased product dumping by China comprised the main challenges that had an adverse impact on our financial performance. The company's revenue from operations declined []% to Rs. 68.56 crore in 2018-19, from Rs. 183.27 crore in 2017-18. Other income grew by []% to Rs. 17.29 crore during the year. Lower revenues and higher fixed costs depressed EBITDA to a negative Rs. 7.29 crore, from Rs. 26.79 crore reported in the previous year. This impacted profitability, with the company slipping to a net loss of Rs. 28.90 crore in 2018-19, from

Management Discussion & Analysis

a net profit of Rs. 1.83 crore in the previous year. Aiding by positive government policies, the company is taking a number of measures with a view to restore profitability in the near-term.

F. FINANCIAL REVIEW

Capital Structure

The equity share capital of the Company stood at Rs. 29.03 crore as on 31st March, 2019 (2,90,27,067 equity share of Rs. 10 each) compared to Rs. 26.68 crore as on 31st March, 2018 (2,66,75,733 equity share of Rs. 10 each). During the year, the Company issued 23,51,334 shares on account of conversion of FCCB loan.

Other Equity

Other equity of the Company decreased by 22.99% from Rs. 73.94 crore as on 31st March, 2018 to Rs. 56.94 crore as on 31st March, 2019. This was mainly on account of loss incurred during the year.

Debt Profile

Total long-term borrowings and deferred income stood at Rs. 60.99 crore as on 31st March, 2019, compared to Rs. 60.66 crore as on 31st March, 2018. During the year under review, the Company repaid Rs. 2.03 crore and availed fresh loan of Rs. 0.09 crore from its related parties.

Debtors' Turnover

Debtors' turnover ratio stood at 51 days during 2018-19 as compared to 43 days during 2017-18.

Inventory Turnover

Inventory turnover ratio for 2018-19 stood at 198 days as compared to 149 days during 2017-18. Increase in the inventory turnover ratio was mainly on account of large inventory in the form of modules which was not lifted by the customer. Also, raw material stock was kept for production of a big order.

Interest Coverage Ratio

Interest coverage ratio declined from 1.56 times during 2017-18 to (3.73) times during 2018-19. This was on account of loss incurred by the Company during 2018-19.

Current Ratio

Current ratio declined from 0.51 in 2017-18 to 0.44 in 2018-19.

Debt-equity ratio

Debt-equity ratio increased from 0.25 times to 0.26 times during 2018-19.

Operating Profit Margin

Operating profit margin declined from 7.29% during 2017-18 to (33.23%) during 2018-19. This was on account of loss incurred by the Company during 2018-19.

Net Profit Margin

Net profit margin declined from 2.61% during 2017-18 to (42.22%) during 2018-19. This was on account of loss incurred by the Company during 2018-19.

Return on Net Worth

Return on net worth declined from 4.75% during 2017-18 to (33.67%) during 2018-19. This was on account of loss incurred by the Company during 2018-19.

Management Discussion & Analysis

G. RISK MANAGEMENT

As a company that is exposed to several risks, both internal and external, Websol possesses an integrated risk management framework that enables impact mitigation. A description of the key risks facing the business is provided below.



ECONOMIC RISKS

The solar sector is linked with the broader economy in two ways: One, in terms of meeting the demand for energy and two, with respect to investments. A slowing economy has a negative impact on the solar energy sector.

While this is true, the long-term prospects of the Indian solar energy industry are bright, considering the government's thrust to achieve 100 GW of solar capacity by 2022. Moreover, solar parks are viable despite declining tariffs, which indicates technological maturity. Plus, a number of countries around the world have ratified the Paris Accord and hence are looking at solar as the preferred choice to meet their obligations.



GLOBAL RISKS

By virtue of large-scale solar cell capacities, China has emerged as a key exporter of solar panels and other products. India has also suffered because of product pricing erosion on account of dumping by China.

However, the implementation of a Safeguard Duty by the government is a substantial positive to counter this threat. It is expected that the government will embrace more policy-level measures with a view to protect the interests of domestic companies who have made substantial investments in manufacturing capacities.



SUBSTITUTION RISKS

The threat of substitution is virtually non-existent. The manufacturing of solar cells and panels represents a matured technology, and there is no substitution of these products. It is noteworthy that the escalating impact of climate change, is bringing forth an urgency in the implementation of larger renewable capacities to meet the twin objectives of meeting rising energy demand, while doing so sustainably and with minimal threat to the environment.



PPA RISKS

Though there are risks in the PPA (power purchase agreement) lifecycle, companies generally establish long-term purchase contracts that assure offtake. Further, as a hygiene practice, players are moving ahead only after funding has been secured. This goes a significant way in protecting the supply chain, thereby supporting the investment plans of upstream solar manufacturing companies.



HUMAN RESOURCE RISKS

People are central to the success of the business, especially the O&M parts of the contract, to ensure buyer and end-user satisfaction. At Websol, we have a team of highly trained and professional people who take our business ahead. Moreover, we provide our people with extensive training that also builds loyalty, while enabling us to develop products and services of the highest grade. The company also engages in providing employee benefits that go far beyond statutory obligations. This, along with other initiatives, has helped forge employee loyalty, a critical advantage in retaining the talent pool.

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FINANCIAL RISKS

A number of companies in India are being referred to the IBC, primarily because of heightened indebtedness making operations unviable.

In this scenario, Websol is a well-capitalised company with a net worth of Rs. [] crore as on end 2018-19 and cash and bank balances of Rs. [] crore. Moreover, the company's debt management strategy was anchored on ensuring re/prepayment, with the result that interest expenses came down to Rs. 6.11 crore in 2018-19, from Rs. 8.56 crore reported in the previous year. Further, overall debt on the books declined by []% to Rs. [] crore as on 31 March 2019.

Key to read risk intensity

02 HIGH

01 MEDIUM

01 LOW

H. CORPORATE SOCIAL RESPONSIBILITY

The budget allocated for corporate social responsibility (CSR) activities for the fiscal year 2018-19 stood at Rs. [] crore, aligned with the statutory requirements. The company organised its CSR activities under various key areas, relevant to the needs of the society. The activities were entrusted to various implementing agencies.

Forward-looking statement

This report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, including market position and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the company cannot guarantee that these are accurate or will be realised. The company's actual results, performance or achievements could therefore differ from those projected in any forward-looking statements. The company assumes no responsibility to publicly amend, modify, update or revise any such statements on the basis of subsequent developments, information or events.

Directors' Report

DIRECTOR'S REPORT

Dear Members,

Your Directors hereby submits the twenty ninth annual report of the business and operations of your Company along with the audited financial statements, for the financial year ended 31st March, 2019

FINANCIAL RESULTS

Rs in Lakh

| Particulars | Year 2018-19 | Year 2017-18 |
|--|-----------------|-----------------|
| Revenue from operations | 6,855.84 | 18,327.25 |
| Other Income | 1,728.65 | 1,099.23 |
| Total Revenue | 8,484.49 | 19,426.48 |
| Profit / (Loss) before interest, depreciation, taxes and exceptional items | (728.69) | 2,678.61 |
| Less: Interest | 611.43 | 855.89 |
| Less: Depreciation | 1,549.35 | 1,424.39 |
| Profit / (Loss) before exceptional Items | (2,889.47) | 479.27 |
| Less: Exceptional Items & Income tax & other Provisions | 5.08 | - |
| Profit / (Loss) after Tax | (2,894.55) | 478.31 |

OPERATIONS

During the year under review, your Company could not utilize its full capacity because of overall industry scenario and lack of demand. Also there was huge pressure from China on pricing end. After implementation of Safeguard Duty and other positive measures taken by the GOI we expect that your company will perform in FY 2019-20. We are hopeful that support from GOI will be continuing to green energy.

Your Company reported total revenue of Rs. 6,855.84 Lakh against Rs. 18,327.25 Lakh during the last financial year. The Company incurred a loss of Rs. 2,894.55 Lakh after providing Rs. 1,549.35 Lakh towards depreciation and Rs 611.43 Lakh towards interest during the current financial year as compared to a profit of Rs 478.31 Lakh in the last financial year.

DIVIDEND

Your directors have not recommended any dividend for the year ended 31st March, 2019, in view of the restrictions under Section 123 of the Companies Act, 2013 (the Act) as amended by the Companies (Amendment) Act, 2015, becoming effective from 13th August, 2015, by virtue of which no Company can declare dividend unless carried over previous losses and depreciation not provided in previous year or years, are set off against profit of the Company for the current year.

DIRECTORS

a) Changes in Directors and Key Managerial Personnel:

In according with the provisions of Section 152 of the Act read with Article 91 of the Article of Association of the Company, S L Agarwal, Managing Director will retire by rotation at the ensuing AGM and being eligible, offer himself for re-election. The Board has recommended their re-election.

Mr. Ritesh Ojha was appointed by Board on 14.11.2018 as Independent director in the Company, his appointment will be ratified by shareholders in the ensuing AGM.

Mr. Dharmendra Sethia who has been appointed on 14.08.2014 as Independent Director in the Company for five years has offered himself for reappointment.

b) No. of Meetings of the Board:

Five meetings of the Board were held during the year ended 31st March, 2019.

c) Declaration by Independent Directors:

All Independent directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and as per respective regulation of SEBI Listing Regulation (LODR) 2015. The declaration is received in the first meeting of Board of Directors for the year.

Directors' Report

d) **Separate Meeting of Independent Director:**

Details of the separate meeting of Independent Directors held in terms of Schedule IV of the Act and Regulation 25(3) of the Listing Regulations are given in the Corporate Governance Report.

STATUTORY AUDITORS

M/s G. P. Agrawal & Co., Chartered Accountants (FRN 302082E) were appointed as Statutory Auditors of your company in the last Annual General Meeting held on 29th September, 2018 for a term of five consecutive years. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away by Companies Amendment Act, 2017 vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi.

There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report.

Clarification/explanation on remarks in Independent Auditors' Report

- a. In the comments of Auditors under para "EMPHASIS OF MATTER" regarding confirmation of accounts, the directors' states that all the balance confirmation letters have been sent to respective vendors and customers, confirmations from all have not been received.
- b. In Annexure B Point No. 1(b) of the Auditors' Report regarding physical verification of fixed asset, your Directors have to state that the physical verification of fixed assets is in progress and will be completed very soon. However, management would review the same.
- c. As regards delay in payment of undisputed statutory dues mentioned in annexure B point no. 7(a) to the Auditors' Report, it is submitted that it was due to the continuous adverse financial condition and no banking facility currently available to the Company. However, we hereby submit that all the statutory dues relating to the financial year 2018-19 have since been paid. Since the cash inflows of the Company are becoming better, the Company is endeavoring to deposit all its statutory dues within the due dates.

COST AUDIT

Cost Audit is not applicable to the Company.

SECRETARIAL AUDIT

Your Board appointed M/s. AL & Associates, Practicing Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2019. The report of the M/s. AL & Associates is provided in the "Annexure A" forming part of this report, pursuant to Section 204 of the Act.

DEPOSITS

The Company has neither accepted nor renewed any deposits as envisaged in Section 73 of the Companies Act, 2013 during the year under review.

KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. S L Agarwal, Managing Director, Mrs. Sima Jhunjunwala, Chief Financial Officer and Mrs. Sweta Biyani, Company Secretary (Resigned on 29th March, 2019). Details pertaining to their remuneration have been provided in the Extract of Annual Return annexed hereto and forming part of this Report.

COMMITTEES OF THE BOARD:

Pursuant to various requirements under the Act and the Listing Regulations, the Board of Directors has constituted various committees such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Share Transfer Committee. The details of composition, terms of reference, etc., pertaining to these committees are mentioned in the Corporate Governance Report.

AUDIT COMMITTEE:

All recommendations made by the Audit Committee during the year were accepted by the Board.

Directors' Report

WHISTLEBLOWER POLICY:

The Company has in place a Whistleblower Policy to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any. The aforementioned whistleblower policy is available on the Company's website at the following web-link: <https://www.webelsolar.com/investor-corner/corporate-governance>.

POLICY ON SELECTION AND REMUNERATION OF DIRECTORS:

Based on the recommendation of the Nomination & Remuneration Committee, the Policy on Selection & Remuneration of Directors, Key Managerial Personnel and other employees was revised and adopted by the Board of Directors at their meeting held on 21.08.2017. The said policy was made applicable w.e.f 01.10.2017.

BOARD EVALUATION:

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the evaluation of its own performance and that of its Committees as well as evaluation of performance of the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report attached to this Report.

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. Outstanding FCCBs of the Company are listed on Singapore Stock Exchange in whole sale market.

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, approved by Board of Directors, inter alia, prohibits trading in securities of the Company by Directors and employees on the basis of unpublished price sensitive information in relation to the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the "Annexure B", which forms part of this report.

RISK MANAGEMENT POLICY:

The policy on risk assessment and minimization procedures as laid down by the Board are periodically reviewed by the Audit Committee and the Board. The policy facilitates in identification of risks at appropriate time and ensures necessary steps to be taken to mitigate the risks. Brief details of risks and concerns are given in the Management Discussion and Analysis Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in form MGT – 9 is given in "Annexure C" to the Report.

MATERIAL CHANGES AND COMMITMENTS:

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year i.e. 31st March, 2019 and the date of this Report.

SIGNIFICANT AND MATERIAL ORDERS:

There are no significant/ material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to the financial statements. During the year, such controls were reviewed and no reportable material weakness was observed

ANNUAL CSR REPORT

The Company has formed CSR Committee at the end of the financial year 2016-17. Since there was loss in the profit and loss account company could not spend any amount for CSR activities.

Directors' Report

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of managerial personnel and employees of the Company is attached herewith in "Annexure D".

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of Companies Act, 2013 and Listing Regulations, your company has formulated a Policy on Related Party Transactions which is also available on the Company's website at <https://www.webelsolar.com/investorscorner/corpoarte-governance>. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all the transaction between the Company and Related Parties.

All related party Transactions are in place before the Audit Committee for review and approval. All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the Company at large. Necessary disclosure regarding transactions with related parties has been made in the Notes to the Audited Accounts.

All related party transactions entered during the year were in ordinary course of the business and at arm's length basis. No material related party transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the latest audited financial statement, were entered during the year by our company. Accordingly, the disclosure of related party transactions as required under section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

PARTICULARS OF LOANS, GURANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any Loan, Guarantee or made any investments or provided any security in violation of section 186 of Companies Act, 2013.

STATE OF AFFAIRS OF THE COMPANY

Green energy in India is a growing industry and GOI is giving full support to the Industry. Your company expects to utilize its full capacity in the financial Year 2019-2020. There is no loan from banks on the balance sheet of the company except one loan from ARC.

CORPORATE GOVERNANCE REPORT

Maintaining high standards of Corporate Governance has been fundamental to the business of the company since its inception. A separate report on Corporate Governance along with a certificate from the Auditors of the Company regarding Compliance of Conditions of Corporate Governance as stipulated under Listing Regulations is annexed in **Annexure E**, which forms part of this report. A certificate of CFO of the company in terms of Listing Regulations, inter alia, confirming the correctness of financial statements and cash flow statements, adequacy of internal control measures is also annexed.

The extract of annual return in Form MGT-9 as required under section 92(3) of the Companies Act and Rule 12 of the companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Annual Report.

SEXUAL HARASSMENT AT WORKPLACE

As Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace. During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

We, the Directors of the Company, hereby confirm that, pursuant to provisions of section 134(5) of the Companies Act, 2013, in respect of financial year under review:

- i) In the preparation of the Annual Accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at 31st March, 2019 and of the Profits of the Company for that period;

Directors' Report

- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing, and detecting fraud and other irregularities; and
- iv) We have prepared the annual accounts on a "going concern" basis.
- v) We have laid down internal financial controls for the Company and that such internal financial controls are adequate and operating effectively.
- vi) We have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively

ACKNOWLEDGEMENTS

The directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment towards their duty leading to cordial industrial relations.

The board places on record its appreciation for the support and co-operation the company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. The company looks upon them as partners in its progress and has shared with them the rewards of the growth.

The Board of Directors take this opportunity to place on record its deep sense of gratitude for the continued support, assistance and co-operation received from the all the shareholder, Customers, Vendors, Government Authorities and Banks.

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

Date: 29th August 2019
Place : Kolkata

Sd/-
S. L. Agarwal
(Managing Director)

Sd/-
D. Sethia
Independent Director

Directors' Report

Annexure - A

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019****[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]****The Members,****WEBSOL ENERGY SYSTEM LIMITED****Plot No. 849, Block P 48 Pramatha Choudhary Sarani****2nd Floor New Alipore , Kolkata**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Websol Energy System Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Websol Energy System Limited for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- (vi) We further report that after considering the compliance system prevailing in the Company, and after carrying out test checks of the relevant records and documents maintained by the Company, it has complied with the following laws that are applicable specifically to the Company :
 - (a) Information Technology Act, 2000 and the rules made there under,
 - (b) Special Economic Zone Act, 2005 and rules made there under

Directors' Report

- (c) Pollution Prevention Act
- (d) Clean Water Act
- (e) Clean Air Act
- (f) Noise Control Act
- (g) National Renewable Energy Act, 2015 etc

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, in respect to Board Meetings & General Meetings.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited as well as with BSE Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. The Nomination & Remuneration Committee was not properly constituted, the Company appointed an Non Executive Independent Director on 14th November, 2018 thereby meeting the requirement of the Act.
2. The Company has not paid the listing fees to the BSE Ltd for the FY 2018-19.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings which were sent at least seven days in advance, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions is carried through at the Meetings of the Board and Committees and the dissenting members' views, if any, are captured and recorded as part of the minutes of respective meetings.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has issued 47,02,667 equity shares in lieu of conversion of FCCB's and no other specific event has happened and / or no other action has been taken by the Company having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Kolkata
Date: 26th August, 2019

For AL & Associates
(Practicing Company Secretaries)

Sd/-
Priti Lakhota
ACS No.21970
CP No. 12790

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Directors' Report

Annexure A
(to the Secretarial Audit Report of Websol Energy System Limited for the FYE March 31,2019)

To,
The Members
M/s Websol Energy System Limited
Plot No. 849, Block P 48 Pramatha Choudhary Sarani
2nd Floor New Alipore , Kolkata

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Kolkata
Date: 26th August, 2019

For AL & Associates
(Practicing Company Secretaries)

Sd/-
Priti Lakhota
ACS No.21970
CP No. 12790

Directors' Report

"ANNEXURE – B" TO THE DIRECTORS' REPORT

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2019.

A. CONSERVATION OF ENERGY

The business unit continued their efforts to improve energy usage efficiencies and increase the share of renewable energy. The Company has taken adequate steps to ensure comparatively low energy consumption, following steps were taken:

- a) Time to time replacement of old machinery with new machines having more efficient and cost effective features.
- b) Installation of Solar Power Project is being done at plant.
- c) Continuous use of CFL & LED lights is being encouraged.

B. TECHNOLOGY ABSORPTION

1. Research and Development (R & D)

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

(Rs. In Lakh)

| | Particulars | For the year 2018-19 | For the year 2017-18 |
|-----|--|-------------------------|-------------------------|
| (a) | Foreign Exchange earnings of the Company | 9.51 | 783.28 |
| (b) | Foreign Exchange Outgo | | |
| | (i) C. I. F. value of import of Raw Materials, Components, Spare parts and Capital Goods | 6467.82 | 14990.68 |
| | (ii) Others | 0.00 | 1.88 |

Directors' Report

ANNEXURE – “C” TO THE DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

for the year ended 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :

| | | |
|------|---|---|
| i. | CIN | L29307WB1990PLC048350 |
| ii. | Registration Date | 02-08-1990 |
| iii. | Name of the Company | Websol Energy System Limited |
| iv. | Category/Sub-category of the Company | Electrial Products |
| v. | Address of the Registered office & contact details | Plot No. 849, Block P, 48 Pramatha Chaudhary Sarani 2nd Floor New Alipore, Kolkata - 700053 |
| vi. | Whether listed company | YES |
| vii. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. R&D Infotech Pvt. Ltd registered office at 7A, Beltala Road, 1st Floor Kolkata -700 026, Phone: +91 – 33 – 2419-2641/42 Fax : +91 – 33 – 2476-1657 Email : rd.infotech@vsnl.net. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products / services | NIC Code of the Product /service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Solar Photovoltaic & Cells and Modules | 85414011 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

There are no Holding, Subsidiary and Associate Companies.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2018] | | | | No. of Shares held at the end of the year [As on 31-March-2019] | | | | % Change during the year |
|---|--|----------|---------------------|-------------------|--|----------|---------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 19,29,748.00 | - | 19,29,748.00 | 7.23% | 20,83,248.00 | - | 20,83,248.00 | 7.18% | -0.06% |
| b) Central Govt | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) State Govt(s) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) Bodies Corp. | 55,19,674.00 | - | 55,19,674.00 | 20.69% | 54,19,674.00 | - | 54,19,674.00 | 18.67% | -2.02% |
| e) Banks / FI | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| f) Any other | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Total shareholding of Promoter (A) | 74,49,422.00 | - | 74,49,422.00 | 27.93% | 75,02,922.00 | - | 75,02,922.00 | 25.85% | -2.08% |

Directors' Report

| | | | | | | | | | |
|-----------|--|-----------------------|--------------------|-----------------------|----------------|-----------------------|-----------------|-----------------------|----------------|
| B. | Public Shareholding | | | | | | | | |
| | 1. Institutions | | | | | | | | |
| | a) Mutual Funds | - | 7,600.00 | 7,600.00 | 0.03% | - | 6,200.00 | 6,200.00 | 0.02% |
| | b) Banks / FI | 1,32,735.00 | - | 1,32,735.00 | 0.50% | 26,307.00 | - | 26,307.00 | 0.09% |
| | c) Central Govt | - | - | - | 0.00% | - | - | - | 0.00% |
| | d) State Govt(s) | - | - | - | 0.00% | - | - | - | 0.00% |
| | e) Venture Capital Funds | - | - | - | 0.00% | - | - | - | 0.00% |
| | f) Insurance Companies | - | - | - | 0.00% | - | - | - | 0.00% |
| | g) FIs | 3,19,898.00 | - | 3,19,898.00 | 1.20% | 19,96,923.00 | - | 19,96,923.00 | 6.88% |
| | h) Foreign Venture Capital Funds | - | - | - | 0.00% | - | - | - | 0.00% |
| | i) Others (specify) | - | - | - | 0.00% | - | - | - | 0.00% |
| | Sub-total (B)(1):- | 4,52,633.00 | 7,600.00 | 4,60,233.00 | 1.73% | 20,23,230.00 | 6,200.00 | 20,29,430.00 | 6.99% |
| | 2. Non-Institutions | | | | | | | | |
| | a) Bodies Corp. | | | | | | | | |
| | i) Indian | 69,08,516.00 | - | 69,08,516.00 | 25.90% | 34,38,897.00 | - | 34,38,897.00 | 11.85% |
| | ii) Overseas | - | - | - | 0.00% | - | - | - | 0.00% |
| | b) Individuals | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 99,84,529.00 | 3,47,812.00 | 1,03,32,341.00 | 38.73% | 1,03,06,209.00 | - | 1,03,06,209.00 | 35.51% |
| | ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 15,25,221.00 | - | 15,25,221.00 | 5.72% | 57,49,609.00 | - | 57,49,609.00 | 19.81% |
| | c) Director Relation | - | - | - | 0.00% | - | - | - | 0.00% |
| | c) Others (specify) | | | | | | | | |
| | Non Resident Indians | - | - | - | 0.00% | - | - | - | 0.00% |
| | Overseas Corporate Bodies | - | - | - | 0.00% | - | - | - | 0.00% |
| | Foreign Nationals | - | - | - | 0.00% | - | - | - | 0.00% |
| | Clearing Members | - | - | - | 0.00% | - | - | - | 0.00% |
| | Trusts | - | - | - | 0.00% | - | - | - | 0.00% |
| | Foreign Bodies - D R | - | - | - | 0.00% | - | - | - | 0.00% |
| | Sub-total (B)(2):- | 1,84,18,266.00 | 3,47,812.00 | 1,87,66,078.00 | 70.35% | 1,94,94,715.00 | - | 1,94,94,715.00 | 67.16% |
| | Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1,88,70,899.00 | 3,55,412.00 | 1,92,26,311.00 | 72.07% | 2,15,17,945.00 | 6,200.00 | 2,15,24,145.00 | 74.15% |
| C. | Shares held by Custodian for GDRs & ADRs | - | - | - | 0.00% | - | - | - | 0.00% |
| | Grand Total (A+B+C) | 2,63,20,321.00 | 3,55,412.00 | 2,66,75,733.00 | 100.00% | 2,90,20,867.00 | 6,200.00 | 2,90,27,067.00 | 100.00% |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---------|------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | SOHAN LAL AGARWAL | 18,73,108.00 | 7.02% | 0.00% | 20,69,208.00 | 7.13% | 0.00% | 0.11% |
| 2 | RAJ KUMARI AGARWAL | 20.00 | 0.00% | 0.00% | 20.00 | 0.00% | 0.00% | 0.00% |
| 3 | CHIRANJI LALL AGARWAL | 14,020.00 | 0.06% | 0.00% | 14,020.00 | 0.05% | 0.00% | -0.01% |
| 4 | S L INDUSTRIES PVT LTD | 55,19,674.00 | 20.69% | 20.62% | 54,19,674.00 | 18.67% | 71.96% | -2.02% |
| 5 | INDERMANI DEVI AGARWAL | 42,600.00 | 0.16% | 0.00% | - | 0.00% | 0.00% | -0.16% |
| | Total | 74,49,422.00 | 27.93% | 20.62% | 75,02,922.00 | 25.85% | 71.96% | -2.08% |

Directors' Report

- * Negative change in shareholding is for the reason of equity shares to FCCB holders. There were no sale of shares by the promoters of the Company except for Mrs. Indermani Devi Agarwal who has gifted her shares to her son, Mr. S L Agarwal. Mr. S L Agarwal has bought 1,91,000 (including 42,600 equity shares received as gift) equity shares of the Company during the year.

(iii) Change in Promoters' Shareholding (Specify, if there is no change)

During the Year, Mr. S L Agarwal (Promoter) has acquired 1,91,100 Equity Shares of the Company on various dates as mentioned in the below table:

| Date | No. of shares |
|--------------|-----------------|
| 07.05.2018* | 42,600 |
| 20.07.2018 | 10,000 |
| 20.08.2018 | 50,000 |
| 21.09.2018 | 28,500 |
| 16.10.2018 | 10,000 |
| 26.11.2018 | 10,000 |
| 27.11.2018 | 9,960 |
| 28.11.2018 | 10,040 |
| 15.01.2019 | 25,000 |
| Total | 1,96,100 |

* Received as gift from her mother, Mrs. Indermani Devi Agarwal.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No. | Name of the Shareholders | | Shareholding at the beginning of the year, i.e. 01.04.2018 | | Shareholding at the end of the year, i.e. 31.03.2019 | |
|---------|-----------------------------------|--------|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | INDIA MAX INVESTMENT FUND LIMITED | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | - | 0.00% | | |
| | 18-Apr-18 | BUY | 23,51,334.00 | 8.10% | 23,51,334.00 | 8.10% |
| | 29-Jun-18 | SELL | (3,341.00) | -0.01% | 23,47,993.00 | 8.09% |
| | 13-Jul-18 | SELL | (73,183.00) | -0.25% | 22,74,810.00 | 7.84% |
| | 10-Aug-18 | SELL | (1,55,330.00) | -0.54% | 21,19,480.00 | 7.30% |
| | 24-Aug-18 | SELL | (1,50,000.00) | -0.52% | 19,69,480.00 | 6.78% |
| | 9-Nov-18 | SELL | (19,126.00) | -0.07% | 19,50,354.00 | 6.72% |
| | 16-Nov-18 | SELL | (59,393.00) | -0.20% | 18,90,961.00 | 6.51% |
| | 23-Nov-18 | SELL | (6,473.00) | -0.02% | 18,84,488.00 | 6.49% |
| | 30-Nov-18 | SELL | (60,730.00) | -0.21% | 18,23,758.00 | 6.28% |
| | 29-Mar-19 | SELL | (1,46,733.00) | -0.51% | 16,77,025.00 | 5.78% |
| | Closing Balance: | | | | 16,77,025.00 | 5.78% |
| 2 | RADISON TIEUP PRIVATE LIMITED | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | 6,19,865.00 | 2.14% | | |
| | 15-Mar-19 | SELL | (15,000.00) | -0.05% | 6,04,865.00 | 2.09% |
| | Closing Balance: | | | | 6,04,865.00 | 2.09% |
| 3 | GOLDMAN SACHS INVESTMENTS | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | 3,19,848.00 | 1.10% | 3,19,848.00 | 1.10% |
| | Closing Balance: | | | | 3,19,848.00 | 1.10% |

Directors' Report

| Sl. No. | Name of the Shareholders | | Shareholding at the beginning of the year, i.e. 01.04.2018 | | Shareholding at the end of the year, i.e. 31.03.2019 | |
|---------|---------------------------------------|---------------|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 4 | BINITA H DOSHI | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | - | 0.00% | | |
| | 11-Jan-19 | BUY | 75,737.00 | 0.26% | 75,737.00 | 0.26% |
| | 18-Jan-19 | BUY | 11,763.00 | 0.04% | 87,500.00 | 0.30% |
| | 8-Feb-19 | BUY | 2,09,317.00 | 0.72% | 2,96,817.00 | 1.02% |
| | 15-Feb-19 | BUY | 25.00 | 0.00% | 2,96,842.00 | 1.02% |
| | Closing Balance: | | | | 2,96,842.00 | 1.02% |
| 5 | NISHU FINLEASE PRIVATE LIMITED | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | - | 0.00% | | |
| | 28-Mar-19 | BUY | 2,80,000.00 | 0.96% | 2,80,000.00 | 0.96% |
| | Closing Balance: | | | | 2,80,000.00 | 0.96% |
| 6 | THE INDIAMAN FUND (MAURITIUS) LIMITED | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | 2,01,250.00 | 0.69% | 2,01,250.00 | 0.69% |
| | Closing Balance: | | | | 2,01,250.00 | 0.69% |
| 7 | P JANARDHANAN | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | - | 0.00% | | |
| | 29-Jun-18 | BUY | 57,444.00 | 0.20% | 57,444.00 | 0.20% |
| | 3-Aug-18 | BUY | 24,431.00 | 0.08% | 81,875.00 | 0.28% |
| | 19-Oct-18 | SELL | (3,000.00) | -0.01% | 78,875.00 | 0.27% |
| | 26-Oct-18 | BUY | 5,997.00 | 0.02% | 84,872.00 | 0.29% |
| | 2-Nov-18 | BUY | 3,000.00 | 0.01% | 87,872.00 | 0.30% |
| | 16-Nov-18 | BUY | 7,000.00 | 0.02% | 94,872.00 | 0.33% |
| | 7-Dec-18 | BUY | 65,128.00 | 0.22% | 1,60,000.00 | 0.55% |
| | 25-Jan-19 | BUY | 7,000.00 | 0.02% | 1,67,000.00 | 0.58% |
| | 1-Feb-19 | BUY | 10,000.00 | 0.03% | 1,77,000.00 | 0.61% |
| | 8-Feb-19 | SELL | (10,000.00) | -0.03% | 1,67,000.00 | 0.58% |
| | 15-Feb-19 | BUY | 3,000.00 | 0.01% | 1,70,000.00 | 0.59% |
| | 22-Feb-19 | BUY | 4,000.00 | 0.01% | 1,74,000.00 | 0.60% |
| | 1-Mar-19 | BUY | 6,000.00 | 0.02% | 1,80,000.00 | 0.62% |
| | 8-Mar-19 | SELL | (9,000.00) | -0.03% | 1,71,000.00 | 0.59% |
| | 15-Mar-19 | SELL | (10,000.00) | -0.03% | 1,61,000.00 | 0.55% |
| | 22-Mar-19 | BUY | 11,000.00 | 0.04% | 1,72,000.00 | 0.59% |
| | 29-Mar-19 | BUY | 11,000.00 | 0.04% | 1,83,000.00 | 0.63% |
| | Closing Balance: | | | | 1,83,000.00 | 0.63% |
| 8 | BMA WEALTH CREATORS LTD | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | - | 0.00% | | |
| | 5-Oct-18 | BUY | 43,088.00 | 0.15% | 43,088.00 | 0.15% |
| | 26-Oct-18 | BUY | 643.00 | 0.00% | 43,731.00 | 0.15% |
| | 9-Nov-18 | SELL | (637.00) | 0.00% | 43,094.00 | 0.15% |
| | 16-Nov-18 | SELL | (8,700.00) | -0.03% | 34,394.00 | 0.12% |
| | 30-Nov-18 | BUY | 1,84,400.00 | 0.64% | 2,18,794.00 | 0.75% |
| | 7-Dec-18 | SELL | (21,000.00) | -0.07% | 1,97,794.00 | 0.68% |
| | 21-Dec-18 | SELL | (1,043.00) | 0.00% | 1,96,751.00 | 0.68% |
| | 1-Feb-19 | SELL | (31,620.00) | -0.11% | 1,65,131.00 | 0.57% |
| | 8-Mar-19 | SELL | (50.00) | 0.00% | 1,65,081.00 | 0.57% |
| | 22-Mar-19 | SELL | (260.00) | 0.00% | 1,64,821.00 | 0.57% |
| | Closing Balance: | | | | 1,64,821.00 | 0.57% |

Directors' Report

| Sl. No. | Name of the Shareholders | | Shareholding at the beginning of the year, i.e. 01.04.2018 | | Shareholding at the end of the year, i.e. 31.03.2019 | |
|---------|--------------------------------------|---------------|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 9 | EDELWEISS CUSTODIAL SERVICES LIMITED | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | 1,34,492.00 | 0.46% | | |
| | 6-Apr-18 | BUY | 4,534.00 | 0.02% | 1,39,026.00 | 0.48% |
| | 13-Apr-18 | BUY | 6,121.00 | 0.02% | 1,45,147.00 | 0.50% |
| | 20-Apr-18 | BUY | 22,149.00 | 0.08% | 1,67,296.00 | 0.58% |
| | 27-Apr-18 | BUY | 938.00 | 0.00% | 1,68,234.00 | 0.58% |
| | 4-May-18 | SELL | (6,730.00) | -0.02% | 1,61,504.00 | 0.56% |
| | 11-May-18 | BUY | 46,781.00 | 0.16% | 2,08,285.00 | 0.72% |
| | 18-May-18 | SELL | (5,582.00) | -0.02% | 2,02,703.00 | 0.70% |
| | 25-May-18 | SELL | (70,637.00) | -0.24% | 1,32,066.00 | 0.45% |
| | 1-Jun-18 | SELL | (1.00) | 0.00% | 1,32,065.00 | 0.45% |
| | 8-Jun-18 | SELL | (19,556.00) | -0.07% | 1,12,509.00 | 0.39% |
| | 15-Jun-18 | BUY | 1,083.00 | 0.00% | 1,13,592.00 | 0.39% |
| | 22-Jun-18 | BUY | 607.00 | 0.00% | 1,14,199.00 | 0.39% |
| | 29-Jun-18 | SELL | (809.00) | 0.00% | 1,13,390.00 | 0.39% |
| | 6-Jul-18 | BUY | 6,742.00 | 0.02% | 1,20,132.00 | 0.41% |
| | 13-Jul-18 | BUY | 33.00 | 0.00% | 1,20,165.00 | 0.41% |
| | 20-Jul-18 | BUY | 282.00 | 0.00% | 1,20,447.00 | 0.41% |
| | 27-Jul-18 | BUY | 4,325.00 | 0.01% | 1,24,772.00 | 0.43% |
| | 3-Aug-18 | SELL | (213.00) | 0.00% | 1,24,559.00 | 0.43% |
| | 10-Aug-18 | SELL | (7,621.00) | -0.03% | 1,16,938.00 | 0.40% |
| | 17-Aug-18 | SELL | (1,002.00) | 0.00% | 1,15,936.00 | 0.40% |
| | 24-Aug-18 | SELL | (2,632.00) | -0.01% | 1,13,304.00 | 0.39% |
| | 31-Aug-18 | BUY | 59,947.00 | 0.21% | 1,73,251.00 | 0.60% |
| | 7-Sep-18 | SELL | (1,49,534.00) | -0.52% | 23,717.00 | 0.08% |
| | 14-Sep-18 | SELL | (17,401.00) | -0.06% | 6,316.00 | 0.02% |
| | 21-Sep-18 | BUY | 2,100.00 | 0.01% | 8,416.00 | 0.03% |
| | 28-Sep-18 | BUY | 6,806.00 | 0.02% | 15,222.00 | 0.05% |
| | 5-Sep-18 | SELL | (5,521.00) | -0.02% | 9,701.00 | 0.03% |
| | 12-Oct-18 | BUY | 1,198.00 | 0.00% | 10,899.00 | 0.04% |
| | 19-Oct-18 | BUY | 60.00 | 0.00% | 10,959.00 | 0.04% |
| | 26-Oct-18 | BUY | 1,24,319.00 | 0.43% | 1,35,278.00 | 0.47% |
| | 2-Nov-18 | SELL | (65.00) | 0.00% | 1,35,213.00 | 0.47% |
| | 9-Nov-18 | SELL | (1,500.00) | -0.01% | 1,33,713.00 | 0.46% |
| | 16-Nov-18 | BUY | 7,305.00 | 0.03% | 1,41,018.00 | 0.49% |
| | 23-Nov-18 | SELL | (36,927.00) | -0.13% | 1,04,091.00 | 0.36% |
| | 30-Nov-18 | SELL | (2,000.00) | -0.01% | 1,02,091.00 | 0.35% |
| | 7-Dec-18 | SELL | (983.00) | 0.00% | 1,01,108.00 | 0.35% |
| | 14-Dec-18 | BUY | 1,000.00 | 0.00% | 1,02,108.00 | 0.35% |
| | 18-Jan-19 | SELL | (250.00) | 0.00% | 1,01,858.00 | 0.35% |
| | 1-Feb-19 | SELL | (8,700.00) | -0.03% | 93,158.00 | 0.32% |
| | 8-Feb-19 | SELL | (2,585.00) | -0.01% | 90,573.00 | 0.31% |
| | 15-Feb-19 | BUY | 1,19,664.00 | 0.41% | 2,10,237.00 | 0.72% |
| | 22-Feb-19 | SELL | (1,054.00) | 0.00% | 2,09,183.00 | 0.72% |
| | 8-Mar-19 | BUY | 300.00 | 0.00% | 2,09,483.00 | 0.72% |
| | 15-Mar-19 | SELL | (52,531.00) | -0.18% | 1,56,952.00 | 0.54% |
| | 22-Mar-19 | BUY | 1,400.00 | 0.00% | 1,58,352.00 | 0.55% |
| | 29-Mar-19 | SELL | (2,784.00) | -0.01% | 1,55,568.00 | 0.54% |
| | Closing Balance: | | | | 1,55,568.00 | 0.54% |

Directors' Report

| Sl. No. | Name of the Shareholders | | Shareholding at the beginning of the year, i.e. 01.04.2018 | | Shareholding at the end of the year, i.e. 31.03.2019 | |
|---------|------------------------------|---------------|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 10 | BMA WEALTH CREATORS LTD | | | | | |
| | Date | Reason | | | | |
| | At the beginning of the year | | 15,600.00 | 0.05% | | |
| | 11-Jan-19 | BUY | 20.00 | 0.00% | 15,620.00 | 0.05% |
| | 8-Feb-19 | BUY | 1,41,922.00 | 0.49% | 1,57,542.00 | 0.54% |
| | 15-Feb-19 | BUY | 7,891.00 | 0.03% | 1,65,433.00 | 0.57% |
| | 22-Feb-19 | BUY | 10,895.00 | 0.04% | 1,76,328.00 | 0.61% |
| | 29-Mar-19 | SELL | (24,211.00) | -0.08% | 1,52,117.00 | 0.52% |
| | Closing Balance: | | | | 1,52,117.00 | 0.52% |

(v) Shareholding of Directors and KMP

| Sl. No. | For each of Top 10 shareholders | | Shareholding at the beginning of the year, i.e. 01.04.2018 | | Shareholding at the end of the year, i.e. 31.03.2019 | |
|---------|---------------------------------------|--|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | SOHAN LAL AGARWAL (MANAGING DIRECTOR) | | | | | |
| | At The Beginning Of The Year | | 18,73,108.00 | 6.45% | | |
| | Bought During The Year* | | 1,96,100.00 | 0.68% | 20,69,208.00 | 7.13% |
| | Sold During The Year | | - | 0.00% | 20,69,208.00 | 7.13% |
| | At the End of The Year | | | | 20,69,208.00 | 7.13% |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 4,918.12 | 2,503.59 | - | 7,421.71 |
| ii) Interest due but not paid | 17.66 | 59.16 | - | 76.82 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ ii + iii) | 4,935.78 | 2,562.75 | - | 7,498.53 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 947.82 | - | 947.82 |
| Reduction | (1,409.65) | (10.57) | - | (1,420.22) |
| Net Change | (1,409.65) | 937.25 | - | (472.40) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 3,489.98 | 3,381.65 | - | 6,871.63 |
| ii) Interest due but not paid | 36.15 | 118.35 | - | 154.50 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | 3,526.13 | 3,500.00 | | 7,026.13 |

Directors' Report

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | Total Amount |
|---------|---|-----------------------------|-------------------------------------|--------------|
| 1 | Gross salary | Mr. S L Agarwal (MD) | Mrs. Sima Jhunjhunwala (WTD) | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961 | 79.83 | 13.77 | 93.60 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission as % of profit | - | - | - |
| 5 | Others (specify) | | | |
| | Bonus, LTA, Medical | .04 | .04 | .08 |
| | Total (A) | 79.87 | 13.81 | 93.68 |

B. Remuneration to Directors other than MD/Manager/WTD:

| Sl. No. | Particulars of Remuneration | Name of Director | | |
|---------|--|------------------|---------------|--------------|
| | | Mr. D. Sethia | Mr. P.Kaushik | Mr. R. Ojha* |
| 1. | Independent Directors | | | |
| | (a) Fee for attending board committee meetings | 1.62 | 1.62 | 0.40 |
| | (b) Commission | - | - | - |
| | (c) Others, please specify | - | - | - |
| | Total (1) | 1.62 | 1.62 | 0.40 |
| 2. | Other Non Executive Directors | NIL | NIL | NIL |
| | (a) Fee for attending board committee meetings | | | |
| | (b) Commission | | | |
| | (c) Others, please specify. | | | |
| | Total (2) | - | - | - |
| | Total (B)=(1+2) | 1.62 | 1.62 | 0.40 |
| | Total Managerial Remuneration | | | |
| | Overall Ceiling as per the Act. | | | |

* Appointed w.e.f. 14.11.2018

Directors' Report

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|--|--------------------------|-------------------|-------------|
| | | CFO | Company Secretary | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | - | 2.04 | 2.04 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission as % of profit | - | - | - |
| 5 | Others, please specify | | | |
| | Bonus, LTA, Medical, etc. | - | 0.15 | 0.15 |
| | Total (C) | - | 2.19 | 2.19 |

* Mrs. Sima Jhunjunwala who is whole time director of the company is also given additional responsibility of CFO of the company. During the year, Mrs. Sweta Biyani (Company Secretary) resigned from her post on 29.03.2019.

VII. PENTALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

Directors' Report

ANNEXURE – “D” TO THE DIRECTORS' REPORT

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Executive Director | Ratio to Median Remuneration |
|--|------------------------------|
| Mr. S L AGARWAL | 54.63 |
| Mrs. Sima Jhunhunwala | 11.42 |
| Independent Director | |
| Mr. Dharmendra Sethia | 0.98 |
| Mr. Prateek Kaushik | 0.98 |
| Mr. Ritesh Ojha (Joined from 14.11.2018) | 0.24 |

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial Year:

| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase in remuneration in the Financial year |
|---|--|
| Mr. S L Agarwal | NIL |
| Mrs. Sima Jhunhunwala | NIL |
| Mrs. Sweta Biyani | NIL |

- c. The percentage increase in the median remuneration of employees in the Financial year: NIL

- d. The number of permanent employees on the rolls of Company: 265

- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average employees received an annual increase of NIL because of the weak financial performance during the financial year 2018-19. Individual increase varied from 5 to 15%. Increase is always trend with industry norms and individual employee's appraisal is based on organizational performance apart from individual performance.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

| | |
|--|-----------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in F Y 2018-19 (Rs in lakh) | 111.31 |
| Revenue (Rs. in lakh) | 6855.84 |
| Remuneration of KMPs (as % of revenue) | 1.62 |
| Profit before Tax (PBT) (Rs. in lakh) | (2894.55) |
| Remuneration of KMP (as % of PBT) | NA |

- g. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year: Please refer separate sheet. – No Sheet attached

| Particulars | March 31, 2019 | March 31, 2018 | % change |
|------------------------------------|----------------|----------------|----------|
| Market Capitalization (Rs. Crores) | 125.24 | 235.41 | -5.26% |
| Price Earnings Ratio | (4.49) | 83.25 | 81.16% |

- h. Public offer:

No Public offer during the Financial Year 2018-19

- i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Directors' Report

j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

| Particulars | Mrs. Sima Jhunhunwala | Mrs. Sweta Biyani |
|--|-----------------------|-------------------|
| Remuneration in F.Y. 2018-19 (Rs. in lakh) | 18.86 | 2.19 |
| Revenue (Rs. in lakh) | 6855.84 | 6855.84 |
| Remuneration as % of revenue | 0.28 | 0.03 |
| Profit before Tax (PBT) (Rs. in lakh) | (2894.55) | (2894.55) |
| Remuneration (as % of PBT) | NA | NA |

k. The key parameters for any variable component of remuneration availed by the directors: NA

l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: NA

m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

Statement of Particulars of Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended)

| Name | Designation, Nature of Duties | Remuneration (Rs.) | Qualification and experience (years) | Age (years) | Date of commencement of employment | Last employer, designation |
|------|-------------------------------|--------------------|--------------------------------------|-------------|------------------------------------|----------------------------|
|------|-------------------------------|--------------------|--------------------------------------|-------------|------------------------------------|----------------------------|

Employed throughout the financial year 2018-19

| | | | | | | |
|-----------------|-------------------|-----------|-------------|----|------------|---|
| Mr. S L Agarwal | Managing Director | 90,25,906 | B.COM(HONS) | 73 | 12-02-1982 | - |
|-----------------|-------------------|-----------|-------------|----|------------|---|

Employed for part of the financial year 2018-19 (If any employee was not employed for full year, then details of that employees should be disclosed here if his / her remuneration was more than Rs. 5 lakhs per month)

N.A

Notes:

- Remuneration includes salary, company's contributions to provident and other funds, bonus, allowances and monetary value of perquisites.
- Except the appointment of directors, all appointments are non-contractual and terminable by notice on either side.
- No employee is a relative of any director of the Company.
- None of the employees are covered under Rule 5(2)(ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended).

Corporate Governance Report

ANNEXURE “E” TO THE DIRECTORS’ REPORT

CORPORATE GOVERNANCE

1. COMPANY’S PHILOSOPHY

Websol’s principles of Corporate Governance are based timely, adequate and accurate information regarding its financial performance as well as leadership and governance of the company. At our company it is imperative that our company’s affairs are managed in a fair and transparent manner. To ensure this the company has framed guidelines which ensures that the board will have the necessary authority and processes to review and evaluate the company’s operations. Further these guidelines allow the board to make decisions that are independent of the management.

2. BOARD OF DIRECTORS

The Board of Directors of the Company has optimum combination of Executive & Non-Executive Directors and women Director. The Board Meetings are usually held at the registered office of the Company. As on date the Board of Directors consists of five Directors. During the year ended 31st March 2019, 05 (Five) Board meetings were held on 11.06.2018, 14.08.2018, 31.08.2018, 14.11.2018, and 11.02.2019. Attendance of each Director at the Board Meeting and Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies are as follows:

| Sl. No. | Name of the Director | Category | Attendance Particulars | | No. of other directorship(s) ¹ | No. of other Board Committee Membership / Chairmanship ² | | Shareholding in the Company |
|---------|------------------------|--|------------------------|----------|---|---|------------------------|-----------------------------|
| | | | Board | Last AGM | | Committee Membership | Committee Chairmanship | |
| 1. | Mr. S.L. Agarwal | Executive – Managing Director – Promoter | 5 | Yes | - | 1 | - | 7.13% |
| 2. | Mrs. Sima Jhunjhunwala | Executive – Whole Time Director & CFO | 5 | Yes | - | 2 | 1 | NIL |
| 3. | Mr. D. Sethia | Non-Executive Independent Director | 5 | Yes | - | 2 | 2 | NIL |
| 4. | Mr. P. Kaushik | Non-Executive Independent Director | 5 | No | - | 2 | - | NIL |
| 5. | Mr. R. Ojha | Non-Executive Independent Director | 2 | No | - | 2 | - | NIL |

¹ The other Directorships held by Directors as mentioned above, does not include Alternate Directorships and Directorships in foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 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.

None of the directors are related to each other as per the provisions of the Act.

The Company has held at least one Board Meeting in every three months and the maximum time gap between any two meetings was not more than four months as stipulated under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (as amended).

Code of Conduct:

The Company has framed Code of Conduct for the Directors and Senior Management of the Company as per the provisions of LODR Regulations. The Code of Conduct is displayed on the website of the Company, i.e. www.webelsolar.com. The Directors and Senior Management have affirmed compliance of the said Code of Conduct as on 31st March, 2019. A declaration signed by the CFO in this regard is annexed at the end of this Report.

Independent Directors Meeting:

The Independent Directors met 3 (Three) times during the year, i.e. on 11.06.2018, 31.08.2018 and 11.02.2019 without the presence of Non Independent Directors and members of the Management. At this meetings, the Independent Directors inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairperson of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

Board Independence:

The Non-Executive Independent Directors fulfill the conditions of independence as laid down under Section 149 of the Companies Act, 2013 and Rules made hereunder and meet the criteria laid down by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The appointment of the Independent Director is considered by the Remuneration Committee after taking into account skill, experience

Corporate Governance Report

and standing in their respective field or profession. The Board thereafter considers the Committee's decision and takes suitable action. Every Independent director at the first meeting of the Board held every year provides a declaration regarding his independence which is then taken into record by the Company.

3. AUDIT COMMITTEE:

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 117 of the Companies Act, 2013.

Presently, the Committee Comprises of four members - one Executive Director i.e. Mrs. Sima Jhunjunwala and three Non-Executive Directors viz. Mr. D. Sethia, Mr. P. Kaushik and Mr. R. Ojha (w.e.f. 14.11.2018). 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 acted as the Secretary to the Audit Committee and Mr. D. Sethia acted as chairperson to the Audit Committee.

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

- a) Review of the Company's financial reporting process, the financial statements and financial/risk management policies;
- b) Reviewing changes if any in accounting policies and practices and reasons for the same;
- c) Review of observations of auditors;
- d) Review of the adequacy of the internal control systems;
- e) Discussions with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.

During the year under review 05 (five) Audit Committee meetings were held on 11.06.2018, 14.08.2018, 31.08.2018, 14.11.2018 and 11.02.2019.

The details of the attendance of the members are as follows:

| Sl. No. | Name of the Member | Category | No. of Meetings Attended |
|---------|-----------------------|------------------------------------|--------------------------|
| 1. | Mrs. Sima Jhunjunwala | Whole Time Director and CFO | 5 |
| 2. | Mr. D. Sethia | Chairman and Independent Directors | 5 |
| 3. | Mr. P. Kaushik | Independent Director | 5 |
| 4. | Mr. R. Ojha | Independent Director | 2 |

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

4. NOMINATION AND REMUNERATION COMMITTEE:

Presently, the Committee Comprises of three members - Non-Executive Directors viz. Mr. D. Sethia, Mr. P. Kaushik and Mr. R. Ojha (w.e.f. 14.11.2018). The Company Secretary of the Company acts as the Secretary to the Committee and Mr. D. Sethia acted as chairperson to the Committee.

Following are the terms of reference of such Committee:

- a) To identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- b) To carry out evaluation of every Director's performance
- c) To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- d) To formulate the criteria for evaluation of Independent Directors and the Board.
- e) To devise a policy on Board diversity.
- f) To review and approve/recommend remuneration for the Whole-Time Director designated as Chairman & Managing Director of the Company.
- g) To perform such functions as detailed in the Nomination and Remuneration Committee in accordance with Schedule IV relating to Code for Independent Directors under the Companies Act, 2013.
- h) To discharge such other functions as may be delegated to the Committee by the Board from time to time.

During the year under review, 02 (Two) Nomination and Remuneration Committee meetings were held on 11.06.2018 and 11.02.2019. All the members of the Committee were present on the said meeting dates.

Corporate Governance Report

Performance Evaluation of Independent Directors:

A. Performance Evaluation Parameters:

- i) Statutory Duties: Perform the duties specified in Sections 149, 166 and Schedule IV of the Companies Act, 2013
- ii) Business Contribution:
 - a) Strive to Participate in all the Board and General Meetings of the Company and the meetings of the Committees (where Member); and particularly to have active participation in the following matters:
 - 1) Approval of financial statements (half yearly and annual)
 - 2) Approval of related party transactions, if any
 - b) Actively deliberate on and ensure adequate deliberations are held with respect to the following matters:
 - 1) Business Strategy, Business Performance and Business Risk
 - 2) Related Party Transactions: Pay sufficient attention and ensure that adequate deliberations are held before approving related party transaction and assure them that the same are in the interest of the Company.
 - 3) Resource Management
 - c) Satisfy them on the integrity of financial information and that financial controls and the system of risk management are robust and defensible
 - d) Ascertain and ensure that company has an adequate and functional vigil mechanism and to ensure that the interest of a person who uses such mechanism is not prejudicially affected on account of such use.
- iii) Management's Performance Monitoring and Feedback:
 - a) Actively monitor the performance of the Management on both tactical and strategic plans
 - b) Provide prompt feedback to Management on its performance vis-à-vis the Business Plan and provide guidance on course correction
 - c) Scrutinize the performance of management in meeting the agreed goals and objectives and monitor the reporting of performance.
- iv) Committee Management:
 - a) Actively participate in the Committee that the Independent Director is responsible for
 - b) The Chairperson of the Committee would be accountable for the performance of the respective Committee. The Chairman of the Committee will sign and submit the minutes of the Meeting of the Committee promptly to the Board
 - c) Arrive at threshold for closure of the repeat Audit observations, if any and ensure meeting the timelines given for the closure of the Audit observations
 - d) Safeguard the interest of all the stakeholders, particularly the minority shareholders. Also make efforts to balance the conflicting interest of the stakeholders.
- v) Disclosures, Documentation and Reporting Ensure that all the documents and disclosures that directors are required to provide to the Company under Companies Act, 2013 and under any other law applicable, if any and are reported within the timelines as per prescribed formats.
- vi) Financial and Operational Controls Familiarize themselves with the system of the Internal Financial Controls followed by the Company as mentioned in the Listing agreement and Section 134 of the Companies Act, 2013 and satisfy themselves that such Internal Financial Controls are adequate and operating effectively.
- vii) Appointment, Removal, Remuneration and Evaluation of Executive Directors:
 - a) Determine the levels of the remuneration of Executive Directors, key managerial personnel and senior management.
 - b) Have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management and to see that the hiring as well as the removal is in line with the business requirement and as per the Policy adopted by the Company
 - c) Objectively evaluate the performance of Executive Directors and the Key Managerial Personnel in view of Policy and or the Performance Appraisal parameters adopted by the Company for the Executive Directors and the Key Managerial Personnel
- viii) Integrity and maintenance of confidentiality & independence of behavior and judgement
 - a) He should uphold ethical standards of integrity and probity.
 - b) He must have applied highest standard of confidentiality and should not have disclosed to any person or company any confidential information concerning the company and any group companies with which he comes into contact by virtue

Corporate Governance Report

of position of director.

- c) He should have refrained from any action that would lead to loss of his independence and where circumstances arise which makes him lose his independence, he must have immediately informed the board

B. Performance Evaluation Matrix for Independent Directors:

- i) Statutory duties and Business Contribution Attending all meetings scheduled 100% Attendance Sheet
 - a) Actively deliberate on the business strategy, business performance, risk, resource management Notable contributions to be evaluated by Board Minutes of Meeting
 - b) All the independent director should hold separate meetings At least one meeting should be held in a year. Minutes of the meeting.
- ii) Management's Performance Monitoring and Feedback
 - a) Actively monitor performance of the Management on both tactical and strategic plans No major deviations from Tactical and Strategic Plans Minutes of Meeting
 - b) Provide prompt feedback to management on their performance vis-à-vis the plan and provide guidance on course correction No major deviations from Tactical and Strategic plans not flagged earlier Minutes of Meeting
- iii) Committee Management
 - a) Actively participate in the committee that you are responsible for
 - a) 100% Attendance
 - b) Level of contribution
 - b) Attendance Sheet
 - c) Minutes of Meeting
 - d) Committee Chairman accountable for performance of the committee No material deviation from performance targets and deadlines Committee Minutes
 - e) Arrive at threshold for closure of repeat observations and ensure meeting timelines Declare the threshold formally by 3rd repeat observation and adhere to the deadline Committee Minutes
- iv) Disclosures, Documentation and Reporting
 - a) Ensure that all the disclosure required as per norms have been made and reported within the timelines as per prescribed No major observations Audit Report formats
 - b) Oversee documentation No major observations Audit Report
- v) Financial and Operational Controls
 - a) Actively satisfy themselves on integrity of financial data, financial controls and risk management frameworks
 - b) 100% correct financial statements
 - c) No major financial risk exposure due to oversight Minutes of Meeting
- vi) Appointment, Removal, Remuneration and Evaluation of Executive Directors
 - a) Determine appropriate levels of remuneration of Executive Directors 100% adherence to the norms Audit Report Minutes of N&R Committee,
 - b) Oversee the hiring of Executive Directors and Key Management Personnel in line with business requirement and as per governance norms Participate candidate interviews as far as possible Candidate evaluation sheet
 - c) Objectively evaluate performance of Executive Directors and some Key Management Personnel in view of set parameters Timely and periodic formal performance feedback Performance Evaluation Sheet
- vii) Integrity and maintenance of confidentiality & independence of behavior and judgement
 - a) Uphold ethical standards of integrity and probity.
 - b) Applied highest standard of confidentiality.
 - c) Refrained from any action that would lead to loss of his independence and where circumstances arise which makes him lose his independence, he must have immediately informed the board. 100 % adherence to the performance criteria. As adopted by the Board of the Directors of the Company or person(s) authorized by the Board for the same.

C. Evaluation Mechanism:

- i) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

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- ii) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

5. REMUNERATION OF DIRECTORS:

The remuneration to the Managing Director and Whole-Time Director(s) are decided on the basis of following criteria:

- Industry trend;
 - Remuneration package in other comparable corporates;
 - Job responsibilities; and
 - Company's performance and individual's key performance areas.
- 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 Agreement(s) with the Wholetime Director(s) are contractual in nature. The Agreement(s) may be terminated at any time by either party giving notice in writing without any cause. The details of remuneration paid to the Executive director during financial year 2018 - 19 are given below:

(Rs. In Lakh)

| 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 | 79.82 | 5.65 | 4.79 | 90.26 |
| 2. | Mrs. Sima Jhunhunwala | Whole Time Director & CFO | 16.12 | 1.79 | 0.95 | 18.86 |

- 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 Committee thereof. The sitting fees paid / payable to the Non-Executive directors is within the limits prescribed by the Companies Act, 2013. 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 year 2018 - 19 are given below:

(Rs. In Lakh)

| Sl. No. | Name of the Non-Executive Director | Sitting Fees | Shareholding in the Company |
|---------|------------------------------------|--------------|-----------------------------|
| 1. | Mr. D. Sethia | 1.62 | NIL |
| 2. | Mr. P. Kaushik | 1.62 | NIL |
| 3. | Mr. R. Ojha | 0.40 | NIL |

6. STAKEHOLDERS RELATIONSHIP / GRIEVANCE COMMITTEE:

Presently, the Committee Comprises of three members - Non-Executive Director viz. Mr. D. Sethia (Head of the Committee), Mr. P. Kaushik and Mr. R. Ojha (w.e.f. 14.11.2018). The Company Secretary of the Company acts as the Secretary to the Committee.

The functions of the Committee include:

- Providing guidance for overall improvement in the quality of services to investors
- Address the shareholders' and investors' complaints and ensuring expeditious resolution of the same
- Dissemination of factually correct information to investors and the public at large
- Any other matters(s) arising out of and incidental to these functions and such other acts assigned by the Board

During the year under review 03 (three) Stakeholders Relationship Committee meetings were held on 11.06.2018, 31.08.2018 and 11.02.2019. All the members of the Committee were present on the said meeting dates.

Officer: Ms. Sweta Biyani Company Secretary & Compliance Officer (resigned on 29th March, 2019). Address for correspondence- Websol Energy System Limited 48, Pramatha Choudhry Sarani, Plot No.849 Block- P 2nd Floor, New Alipore Kolkata – 700 053 Telephone No.: +91-33-2400 0419 Fax No.: +91-33-2400 0375 Email: investors@webelsolar.com.

During the year under review, no Investors complaints / queries were received and no complaints / queries were pending as on 31.03.2019.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Presently the committee comprises of three directors viz; Mr. D. Sethia, Mrs. Sima Jhunhunwala and Mr. P. Kaushik. Mr. D. Sethia acts as chairperson of the committee.

The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of the Company in the area of CSR.

During the financial year ended 31st March, 2019, the committee met twice on 11.06.2018 and 11.02.2019. All the members of the

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Committee were present on the said meeting dates.

8. SHARE TRANSFER COMMITTEE:

Presently, the Committee Comprises of four members - one Executive Director i.e. Mr. S.L. Agarwal and three Non-Executive Directors viz. Mr. D. Sethia, Mr. P. Kaushik and Mr. R. Ojha (w.e.f. 14.11.2018). The Company Secretary of the Company acts as the Secretary to the Committee and Mr. D. Sethia acts as the chairperson to the Committee.

The functions of the Committee include:

- Approval of transfer/transmission of securities of the Company
- Overseeing the performance of the Registrar and Transfer Agents of the Company
- Redressal of shareholders' complaints relating to transfer of shares, non-receipt of annual reports and non-receipt of declared dividend, among others
- Disposal of old stationeries of dividend warrants, among others
- Issue of duplicate share certificates
- Dematerialization / Rematerialisation of shares
- Any other matter(s) arising out of and incidental to these functions and such other acts assigned by the Board

During the financial year ended 31st March, 2019, the committee met twice on 11.06.2018 and 11.02.2019. All the members of the Committee were present on the said meeting dates.

9. GENERAL BODY MEETINGS:

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

| Financial Year Ended | Date | Time | Venue |
|----------------------|------------|----------|--|
| 31.03.2016 | 30.09.2016 | 10:00 AM | Webel Bhavan, Block EP & GP, Sector V, Salt Lake Electronics Complex, Kolkata – 700 091 |
| 31.03.2017 | 23.09.2017 | 10:00 AM | Rabindra Tirth, DG-17, Major Arterial Road (East-West), Action Area 1D, Newtown, Kolkata - 700156, West Bengal |
| 31.03.2018 | 29.09.2018 | 10:00 AM | Rabindra Tirth, DG-17, Major Arterial Road (East-West), Action Area 1D, Newtown, Kolkata - 700156, West Bengal |

- No special resolution was passed in the previous three annual general meetings.
- No Special Resolution was passed during the financial year 2018-19 through Postal Ballot under Section 108 and 110 and other applicable provisions of the Act read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended).

10. MEANS OF COMMUNICATION:

In compliance with the Listing Regulations the quarterly / annual results are furnished to the Stock Exchanges within the prescribed time and also published in the Newspapers viz. Business Standard / HT Mint and Arthik Lipi in Bengali (local) language. The results are also posted on the website of the Company www.webelsolar.com. The Annual Report is circulated to members and is displayed on the Company's website.

11. GENERAL SHAREHOLDER INFORMATION:

- Annual General Meeting

| | |
|--------------------|---|
| Day, Date and Time | Monday, September 30, 2019 at 09:30 AM |
| Venue | Nazrul Tirtha, Biswa Bangla Sarani, Beside DLF Building, AF Block - (Newtown), Action Area-1A, Newtown, Kolkata, West Bengal – 700156 |
| Book Closure Dates | |

- Financial Year

The financial year of the Company is from 1st April to 31st March every year.

- Financial Year Calendar for 2019-20 (Tentative)

| | |
|---|---------------------------------|
| First Quarter Results | 14 th August, 2019 |
| Second Quarter Results | 14 th November, 2019 |
| Third Quarter Results | 14 th February, 2020 |
| Fourth Quarter Results and Annual Results | 29 th May, 2020 |

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d) Details of Listing of Equity Shares and Stock Code

| Name of Stock Exchange | National Stock Exchange of India Ltd. (NSE) | BSE Ltd. (BSE) |
|---------------------------|---|---|
| Address of Stock Exchange | Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051 | Floor -25, PJ Towers, Dalal Street, Mumbai-400001 |
| Stock Code | WEBELSOLAR | 517498 |
| Listing Fees | Paid | Paid |

e) Market Price Data

| NSE | | Months | BSE | |
|-------|-------|-----------------|-------|-------|
| High | Low | | High | Low |
| 94.00 | 69.40 | April, 2018 | 94.15 | 70.00 |
| 74.90 | 50.40 | May, 2018 | 74.60 | 50.20 |
| 61.35 | 46.25 | June, 2018 | 61.00 | 45.05 |
| 51.95 | 36.05 | July, 2018 | 51.70 | 36.40 |
| 53.90 | 41.15 | August, 2018 | 53.60 | 40.00 |
| 44.25 | 34.20 | September, 2018 | 44.75 | 34.10 |
| 41.70 | 29.65 | October, 2018 | 41.90 | 30.00 |
| 37.70 | 24.70 | November, 2018 | 37.40 | 24.55 |
| 29.55 | 23.80 | December, 2018 | 29.70 | 23.95 |
| 29.25 | 21.50 | January, 2019 | 29.65 | 21.15 |
| 29.25 | 23.00 | February, 2019 | 29.40 | 23.20 |
| 34.80 | 25.25 | March, 2019 | 36.80 | 25.20 |

f) Stock Performance in comparison to broad based indices

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

| | | |
|----------------|---|-----------|
| On April, 2018 | : | 92.35 |
| On March, 2019 | : | 24.40 |
| Change | : | (73.58) % |

Indices (S&P BSE Sensex) on Closing Basis :

| | | |
|----------------|---|----------|
| On April, 2018 | : | 33255.36 |
| On March, 2019 | : | 38672.91 |
| Change | : | 16.29% |

g) Registrar and Share Transfer Agent

The Company's registrar and share transfer agent is M/s. R&D Infotech Pvt. Ltd. having its registered office at 7A, Beltala Road, 1st Floor, Kolkata – 700 026, Phone: +91 – 33 – 2419 – 2641/42 Fax: +91 – 33 – 2476 – 1657 Email: rd.infotech@vsnl.net.

h) Share Transfer System

Pursuant to the amendment in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequent notification(s) issued by SEBI, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. In this regard, SEBI has issued a Press Release clarifying that the said amendment does not prohibit an investor from holding shares in physical form and can hold shares in physical form even after 1st April, 2019. However, any investor who is desirous of transferring shares (which are held in physical form) after 1st April, 2019 can do so only after the shares are dematerialized. Further, the transfer deed(s) once lodged prior to the deadline of 1st April, 2019 and returned due to deficiency in the document may be re-lodged for transfer even after the deadline.

All valid share transfer requests lodged prior to 1st April, 2019 and demat requests are processed and put into effect within a maximum period of 15 days from the date of receipt.

i) Distribution of Shareholding as on 31st March, 2019

| Shareholding Range | No. of Holders | % of Total Holders | No. of Shares Held | % of Total Shares |
|--------------------|----------------|--------------------|--------------------|-------------------|
| Upto 500 | 20,077 | 80.61 | 30,61,377 | 10.55 |
| 501 – 1000 | 2,332 | 9.36 | 19,04,730 | 6.56 |
| 1001 – 2000 | 1,201 | 4.82 | 18,59,472 | 6.41 |

Corporate Governance Report

| Shareholding Range | No. of Holders | % of Total Holders | No. of Shares Held | % of Total Shares |
|--------------------|----------------|--------------------|--------------------|-------------------|
| 2001 – 3000 | 444 | 1.78 | 11,49,030 | 3.96 |
| 3001 – 4000 | 182 | 0.73 | 6,61,793 | 2.28 |
| 4001 – 5000 | 185 | 0.75 | 8,88,051 | 3.06 |
| 5001 – 10000 | 255 | 1.03 | 19,16,120 | 6.60 |
| 10001 – 50000 | 187 | 0.75 | 35,86,030 | 12.35 |
| 50001 – 100000 | 30 | 0.12 | 21,03,768 | 7.25 |
| 100001 and above | 13 | 0.05 | 1,18,96,696 | 40.98 |
| Total: | 24,906 | 100.00 | 2,90,27,067 | 100.00 |

J) Shareholding Pattern as on 31st March, 2019

| Category | No. of Holders | % of Total Holders | No. of Shares | % of Holding |
|------------------------------------|----------------|--------------------|--------------------|---------------|
| Indian Residents | 24,052 | 96.57 | 1,54,69,662 | 53.29 |
| Domestic Companies | 438 | 1.76 | 88,58,571 | 30.52 |
| Non Resident Indians | 402 | 1.61 | 5,86,156 | 2.02 |
| Foreign Companies | 0 | 0.00 | 0 | 0.00 |
| Mutual Funds | 2 | 0.01 | 6,200 | 0.02 |
| Financial Institutions | 3 | 0.01 | 25,346 | 0.09 |
| Banks | 2 | 0.01 | 961 | 0.00 |
| Directors / Relatives of Directors | 4 | 0.02 | 20,83,248 | 7.18 |
| FIs | 3 | 0.01 | 19,96,923 | 6.88 |
| Others | 0 | 0.00 | 0 | 0.00 |
| Total | 24,906 | 100.00 | 2,90,27,067 | 100.00 |

K) Status of Dematerialization as on 31st March, 2019

| Particulars | No. of Shares | % of Total Shares | No. of Accounts |
|--|--------------------|-------------------|-----------------|
| National Securities Depository Limited (NSDL) | 1,93,58,418 | 66.69 | 11,465 |
| Central Depository Services (India) Limited (CDSL) | 93,18,452 | 32.10 | 11,852 |
| Total Dematerialized | 2,86,76,870 | 98.79 | 23,317 |
| Physical | 3,50,197 | 1.21 | 1,593 |
| Grand Total | 2,90,27,067 | 100.00 | 24,910 |

L) Plant Location

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

m) Address for Correspondence

Websol Energy System Limited
48, Pramatha Choudhry Sarani, Plot No. 849,
Block : P, 2nd Floor, New Alipore, Kolkata – 700 053
Phone: +91 – 33 – 2400 0419
Fax: +91 – 33 – 2400 0375
Email: investors@webelsolar.com
Website: www.webelsolar.com

The Company has designated investors@webelsolar.com (email id) exclusively for the purpose of registering complaints by investors.

12. OTHER DISCLOSURES

- The Company does not have any materially significant related party transaction, which may have potential conflict with the interests of the Company at large. The transactions with related parties, in normal course of business, have been disclosed separately in the Notes to the Financial Statements.
- There were no instances of non-compliances related to capital markets during the year under review and no penalties/strictures were imposed against the Company during the last three years.
- Whistle Blower Policy framed by the Company to deal with unethical behavior, victimization, fraud and other grievances or concerns, if any, is available on the Company's website at the following web-link:
<https://www.webelsolar.com/investor-corner/corporate-governance/>

Corporate Governance Report

During the year 2018-19, no personnel has been denied access to the Audit Committee pertaining to the Whistle Blower Policy.

- iv) All mandatory requirements relating to corporate governance under the Listing Regulations have been appropriately complied with and the status of non-mandatory (discretionary) requirements is given below:
- Chairman's Office is maintained by the Company and expenses towards the performance of the Chairman's duties are borne by the Company / reimbursed to him.
 - The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and extract of these results are published in newspapers on an all India basis. The complete Annual Report is sent to every Shareholder of the Company.
 - The Company's financial statements for the year ended 31st March, 2019 do not contain any modified audit opinion.
 - The Head of Internal Audit reports to the Audit Committee of the Board.
- v) The Company doesn't have any unlisted subsidiary company as defined in the Listing Regulations and therefore corresponding disclosures have not been made.
- vi) In terms of the Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Details of significant changes in key financial ratios, along with detailed explanations thereof (including details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof) have been adequately covered under the Management Discussion and Analysis Report.
- vii) A certificate has been obtained from M/s AL & Associates, Practicing Company Secretaries confirming that none of the Directors of the Company have been debarred or disqualified by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as directors of the Company and the same forms part of the Annual Report.
- viii) All recommendations made by the Committees of the Board during the year were accepted by the Board. During the year 2018-19, there was no such instance wherein the Board had not accepted any recommendation of any committee of the Board.
- ix) Details of total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part, given below:

| Year 2018-19 | Total (Rs.) |
|---------------------|-----------------|
| For Statutory Audit | 3,00,000 |
| For Limited Review | 2,00,000 |
| | 5,00,000 |

- x) The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the Board's Report.
- xi) The CEO & CFO Certification for the year 2018-19 forms part of the Annual Report.
- xii) The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).
- All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the date the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.
- xiii) The Company has identified risk involved in respect to its products, quality, cost, location and finance. It has also adopted the procedures / policies to minimize the risk and the same are reviewed and revised as per the needs to minimize and control the risk.
- xiv) The Company has duly complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- xv) Other items which are not applicable to the Company have not been separately commented upon.

For and on behalf of the Board of Directors

sd/-

S L Agarwal

Managing Director

DIN - 00189898

Place: Kolkata

Date: 29th May, 2019

Corporate Governance Report

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER IN TERMS OF REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Websol Energy System Limited ("the Company") to the best of our knowledge and belief, hereby certify that:

- A. We have reviewed the financial statements for the year ended 31st March, 2019 and that to the best of our knowledge and belief, we state that:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, no transactions were entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
 1. there has been no significant change in internal control over financial reporting during the year;
 2. there has been no significant change in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. there has been no instance 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 systems over financial reporting.

Place: Kolkata
Date: 29/05/2019

S L Agarwal
Managing Director & CEO

Sima Jhunjhunwala
WTD & Chief Financial Officer

Declaration for Compliance with the Code of Conduct

Websol Energy System Limited ("the Company") has adopted the Code of Conduct for its Board Members and Senior Management Personnel and the same is available on the website of the Company.

It is hereby confirmed that the Company has obtained affirmation from all the Board Members and Senior Management Personnel that they have complied with the said Code for the financial year 2018-19.

Place: Kolkata
Date: 29/05/2019

S L Agarwal
Managing Director & CEO
Websol Energy System Limited

Auditors' Certificate on Corporate Governance

To the Members of

Websol Energy System Limited

1. We, G. P. Agrawal & Co., Chartered Accountants, the Statutory Auditors of Websol Energy System Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We 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 **G.P. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 302082E

(CA. Sunita Kedia)
Partner

Place of Signature: Kolkata
Date: 29th May, 2019

Membership No.60162

Independent Auditors Report

To The Members

Websocket Energy Systems Limited

Report on the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Websocket Energy Systems Limited** ('the Company'), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('the Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the matter that the confirmations in respect of balances of Sundry Debtors, Sundry Creditors and Advances from and to various parties have not been received in all cases.

Our opinion is not modified in respect of above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditors Report

| Sl. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 1. | <p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Note No. 2.8 to the Financial Statements.</p> | <p>Our procedures, in relation to revenue recognition for those contracts, included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and testing the operating effectiveness of controls in respect of revenue recognition • Reading the underlying contracts with customers and advances received • Assessing the appropriateness of information, such as allotment letter, and stage of completion of the project including expected completion date, completion certificate and possession letter used by the Management, to determine the duration of the project • Evaluating the assumptions used by the Management in ascertaining performance obligation is satisfied over time or at a point in time in accordance with Ind AS 115. • Selected a sample of agreements, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price, satisfaction of performance obligation at a point of time and in recording and disclosing revenue in accordance with the new revenue accounting standard. <p>Based on the above procedures performed we did not find any significant exceptions in revenue recognized on transitioning to Ind AS 115, Revenue from contracts with customers.</p> |

Information Other than the Financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditors Report

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No. 37.1 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place of Signature: Kolkata
Date: 29th May, 2019

For G.P. Agrawal & Co.
Chartered Accountants
Firm's Registration No. - 302082E
(CA. Sunita Kedia)
Partner
Membership No. 60162

“Annexure A” to the Independent Auditors Report

Statement referred to in paragraph ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the members of **Websol Energy Systems Limited** on the financial statements for the year ended 31st March, 2019:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, the physical verification of Fixed Assets is in progress. Therefore, we could not comment on discrepancies, if any between the book records and the physical fixed assets.
- (c) According to information and explanations given to us and on the basis of our examination of the books of account, and records, Land as mentioned in the financial statements is leasehold and the lease agreement is in the name of the Company.
2. The management has conducted the physical verification of inventory at reasonable intervals. No discrepancies have been noticed on physical verification of the inventory as compared to books records.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. In our opinion and according to the information and explanation given to us, the cost records and accounts has not been prescribed by the Government under section 148 (1) of the Act. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company and hence not commented upon.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally irregular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess, Goods and Services Tax (GST) and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, the following undisputed amounts payable in respect of the above were in arrears as at 31st March, 2019 for a period of more than six months from the date on when they become payable:

| Name of Statute | Nature of dues | Amount (Rs. In Lakhs) |
|---------------------------------|-----------------------|-----------------------|
| Delhi Value Added Tax Act, 2004 | Delhi Value Added Tax | 51.76 |

- (b) The disputed statutory dues aggregating to Rs. 187.54 lakh that have not been deposited on account of matters pending before appropriate authorities are as under:

| Sl. No. | Name of the Statute | Nature of dues | Period to which pertain | Amount (Rs. In Lakhs) | Forum where dispute is pending |
|---------|--------------------------|----------------|--------------------------------|-----------------------|--------------------------------|
| 1 | Central Excise Act, 1944 | Excise Duty | 1994-95 to 1999-00 | 116.55* | Settlement commission |
| 2 | Central Excise Act, 1944 | Excise Duty | October, 2006 to October, 2007 | 57.12 | High court, Kolkata |
| 3 | Central Excise Act, 1944 | Excise Duty | November, 1999 to June, 2001 | 13.87 | High court, Kolkata |

* The company had paid Rs. 100.00 Lakhs against this demand in the year 2004-05.

8. The Company had Foreign Currency Convertible Bonds (‘FCCBs’) amounting to US\$ 12.00 million, out of which FCCBs of the value US\$ 2.14 million has been converted into 23,51,334 Equity Shares of the Company during the year as per the rates approved by regulators and shareholders.

The Company did not have any borrowing from financial institutions or Government and has not issued any debentures.

“Annexure A” to the Independent Auditors Report

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For G.P. Agrawal & Co.

Chartered Accountants

Firm's Registration No. - 302082E

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: 29th May, 2019

“Annexure B” to the Independent Auditors Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Websol Energy Systems Limited** (“the Company”) as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G.P. Agrawal & Co.

Chartered Accountants

Firm’s Registration No. - 302082E

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: 29th May, 2019

Balance Sheet as at 31st March, 2019

(₹ In Lakh)

| Particulars | Note No. | As at 31st March, 2019 | As at 31st March, 2018 |
|--|----------|------------------------|------------------------|
| I. ASSETS | | | |
| (1) Non - current assets | | | |
| (a) Property, plant and equipment | 4 (i) | 28,689.20 | 30,400.93 |
| (b) Capital work in progress | 4 (ii) | 90.82 | - |
| (c) Intangible assets | 5 | 2.68 | 3.26 |
| (d) Financial assets | | | |
| (i) Investments | 6 | - | - |
| (ii) Loans | 7(i) | - | 16.42 |
| (iii) Other financial assets | 8(i) | 345.80 | 350.63 |
| (e) Other non-current assets | 9(i) | 977.94 | 977.94 |
| | | 30,106.44 | 31,749.18 |
| (2) Current assets | | | |
| (a) Inventories | 10 | 3,390.10 | 1,816.67 |
| (b) Financial assets | | | |
| (i) Trade receivables | 11 | 965.68 | 2,134.26 |
| (ii) Cash and cash equivalents | 12 | 7.49 | 7.12 |
| (iii) Bank Balances other than Cash and cash equivalents | 13 | 0.35 | 0.35 |
| (iv) Loans | 7(ii) | 531.36 | 828.88 |
| (v) Other financial assets | 8(ii) | 0.01 | 0.01 |
| (c) Current Tax Assets (Net) | 14 | 81.53 | 27.17 |
| (d) Other current assets | 9(ii) | 87.82 | 310.01 |
| | | 5,064.34 | 5,124.47 |
| Total Assets | | 35,170.78 | 36,873.65 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 15 | 2,902.71 | 2,667.57 |
| (b) Other equity | 16 (a) | 5,694.43 | 7,393.92 |
| | | 8,597.14 | 10,061.49 |
| Liabilities | | | |
| (2) Non - current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17(i) | 5,391.34 | 5,585.13 |
| (ii) Trade and other payables | 18(i) | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 3,282.93 | 3,838.40 |
| (iii) Other financial liabilities | 19 (i) | 3,790.36 | 5,248.19 |
| (b) Provisions | 20 | 138.68 | - |
| (c) Deferred tax liabilities (Net) | 21 | 1,620.72 | 1,620.72 |
| (d) Other non-current liabilities | 22(i) | 708.11 | 481.17 |
| | | 14,932.14 | 16,773.61 |
| (3) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17(ii) | 2,205.55 | 2,484.16 |
| (ii) Trade and other payables | 18(ii) | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 8,102.92 | 6,145.81 |
| (iii) Other financial liabilities | 19 (ii) | 914.44 | 644.39 |
| (b) Other Current Liabilities | 22 (ii) | 312.98 | 547.84 |
| (c) Provisions | 23 | 105.61 | 216.35 |
| | | 11,641.50 | 10,038.55 |
| Total Equity and Liabilities | | 35,170.78 | 36,873.65 |

The accompanying notes 1 to 36 are an integral part of the financial statements.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

S.L. Agarwal
Managing Director
DIN No. 00189898

Sima Jhunjhunwala
Chief Financial Officer & Whole Time Director

DIN No. 07264006

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata
Date: 29th day of May, 2019

Sweta Biyani
Company Secretary
Membership No. : ACS22218

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ In Lakh)

| | Particulars | Note No. | Year Ended 31st March, 2019 | Year ended 31st March, 2018 |
|-------|--|----------|--------------------------------|--------------------------------|
| I. | Revenue from operations | 24 | 6,855.84 | 18,327.25 |
| II. | Other income | 25 | 1,728.65 | 1,099.23 |
| III. | Total income (I+II) | | 8,584.49 | 19,426.48 |
| IV. | Expenses: | | | |
| | Cost of materials consumed | 26 | 6,593.41 | 13,771.32 |
| | Stores and spares consumed | 27 | 271.68 | 854.21 |
| | Changes in inventories of finished goods and work-in-progress | 28 | (867.72) | (755.48) |
| | Power and fuel consumption | 29 | 759.34 | 1,133.58 |
| | Employee benefits expense | 30 | 946.41 | 876.80 |
| | Finance costs | 31 | 611.43 | 855.89 |
| | Depreciation and amortization expense | 32 | 1,549.35 | 1,424.39 |
| | Other expenses | 33 | 1,610.06 | 786.50 |
| | Total expense (IV) | | 11,473.96 | 18,947.21 |
| V. | Profit before exceptional items and tax (III-IV) | | (2,889.47) | 479.27 |
| VI. | Exceptional items | | - | - |
| VII. | Profit before tax (V-VI) | | (2,889.47) | 479.27 |
| VIII. | Tax expense | 34 | | |
| | Current tax | | 5.08 | 52.38 |
| | Deferred tax | | - | (51.42) |
| | Tax expense | | 5.08 | 0.96 |
| IX. | Profit for the year (VII-VIII) | | (2,894.55) | 478.31 |
| X. | Other comprehensive income | | | |
| | A. I. Items that will not be reclassified to Profit or Loss | | | |
| | - Remeasurements of defined benefit plan | | (27.63) | - |
| | II. - Income tax relating to above item | | - | - |
| | Other comprehensive income for the year | | (27.63) | - |
| XI. | Total comprehensive income for the year (IX + X) | | (2,922.18) | 478.31 |
| XII. | Earnings per equity share (Nominal value per share Rs. 10/-) | 35 | | |
| | Basic (Rs.) | | (10.01) | 1.93 |
| | Diluted (Rs.) | | (8.24) | 1.36 |

The accompanying notes 1 to 36 are an integral part of the financial statements.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

S.L. Agarwal

Managing Director

DIN No. 00189898

Sima Jhunjhunwala

Chief Financial Officer & Whole Time

Director

DIN No. 07264006

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: 29th day of May, 2019

Sweta Biyani

Company Secretary

Membership No. : ACS22218

Statement of Cash Flows for the year ended 31st March, 2019

(₹ In Lakh)

| Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|-------------------------------|-------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before tax | (2,889.47) | 478.31 |
| Adjustments for | | |
| Depreciation | 1,549.35 | 1,424.39 |
| Finance costs | 611.43 | 855.89 |
| Interest Income | (202.85) | (455.88) |
| Sundry balances written back | (1,375.29) | (503.29) |
| Credit impairment for doubtful debt | 1.83 | - |
| Sundry balances written off | 242.56 | 1.26 |
| Operating profit before working capital changes | (2,062.44) | 1,800.68 |
| Increase / (Decrease) in Trade and other payables | 2,776.93 | 2,791.75 |
| Increase / (Decrease) in Non-current and current provisions | 0.30 | 15.47 |
| Decrease / (Increase) in Trade receivables | 924.19 | (2,004.43) |
| Increase / (Decrease) in Other liabilities | (7.92) | (231.09) |
| Increase / (Decrease) in Other financial liabilities | 270.05 | 564.39 |
| Decrease / (Increase) in Other financial assets | 4.83 | 102.42 |
| (Increase) / Decrease in Other assets | 222.19 | (288.92) |
| (Increase) / Decrease in Inventories | (1,573.43) | (1,393.49) |
| Cash generated from operations | 554.70 | 1,355.82 |
| Direct Taxes Paid | (59.43) | (330.17) |
| Net cash flow from/(used in) operating activities | 495.27 | 1,026.61 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (154.83) | (621.44) |
| Proceeds from sale of property, plant and equipment | 227.86 | - |
| Purchase of intangible assets | (0.88) | (2.24) |
| Loans given received back | 313.94 | 250.31 |
| Investment in fixed deposit | - | 11.79 |
| Interest received | 202.85 | 242.06 |
| Net cash flow from / (used in) investing activities | 588.94 | (119.52) |

Statement of Cash Flows for the year ended 31st March, 2019

(₹ In Lakh)

| Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|-------------------------------|-------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | (202.57) | (1,708.86) |
| Proceeds from long term borrowings | 8.77 | 1,675.57 |
| Increase/(decrease) in short term borrowings (net) | (278.61) | (842.76) |
| Interest paid | (611.43) | (327.60) |
| Net cash flow from financing activities | (1,083.84) | (1,203.65) |
| Increase / (Decrease) in cash and cash equivalents (A+B+C) | 0.37 | (296.56) |
| Cash and cash equivalents at beginning of the year | 7.12 | 303.68 |
| Cash and cash equivalents at end of the year | 7.49 | 7.12 |

Notes:

- 1) **Cash and cash equivalents at the end of the year consists of:**

| | 31st March, 2019 | 31st March, 2018 |
|---|------------------|------------------|
| Cash on hand | 4.43 | 5.51 |
| Balance with banks | | |
| On current and EEFC accounts | 3.06 | 1.61 |
| Closing cash and cash equivalents for the purpose of cash flow statement | 7.49 | 7.12 |
- 2) The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.
- 3) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
- 4) Figure in brackets represent cash outflow from respective activities.
- 5) Change in liability arising from financing activities :

| Particulars | Borrowings | |
|----------------------------|-----------------|-----------------|
| | Non-current | Current |
| As at 01.04.2017 | 5,090.13 | 3,326.93 |
| Cash flow during the year* | 495.00 | (842.76) |
| As at 31.03.2018 | 5,585.13 | 2,484.17 |
| Cash flow during the year* | (193.79) | (278.62) |
| As at 31.03.2019 | 5,391.34 | 2,205.55 |

* includes interest on long term borrowings using effective interest method.

The accompanying notes 1 to 36 are an integral part of the financial statements.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

S.L. Agarwal
Managing Director
DIN No. 00189898

Sima Jhunjhunwala
Chief Financial Officer & Whole Time
Director
DIN No. 07264006

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata
Date: 29th day of May, 2019

Sweta Biyani
Company Secretary
Membership No. : ACS22218

Statement of Changes in Equity for the year ended 31st March, 2019

(₹ In Lakh)

(a) Equity Share Capital

| Particulars | Balance at the beginning of the year | Changes in equity share capital during the year | Balance at the end of the year |
|--|--------------------------------------|---|--------------------------------|
| For the year ended 31st March, 2018 | 2,197.31 | 470.26 | 2,667.57 |
| For the year ended 31st March, 2019 | 2,667.57 | 235.13 | 2,902.71 |

(b) Other equity

| Particulars | Reserve and surplus | | | Other Comprehensive Income | Total |
|---|---------------------|--------------------------|--------------------|---------------------------------------|-----------------|
| | Capital Reserve | Security Premium Reserve | Retained Earnings | Remeasurement of Defined Benefit Plan | |
| Balance as at 1st April, 2017 | 19,109.28 | 10,696.47 | (26,200.31) | - | 3,605.44 |
| Prior Period Adjustment | - | - | 864.78 | - | 864.78 |
| Restated Balance as at 1st April, 2017 | 19,109.28 | 10,696.47 | (25,335.53) | - | 4,470.22 |
| Profit / (Loss) for the year | - | - | 478.31 | - | 478.31 |
| Other Comprehensive Income (net of taxes) | - | - | - | - | - |
| Total Comprehensive Income | 19,109.28 | 10,696.47 | (24,857.22) | - | 4,948.53 |
| Adjustments: | | | | | |
| Issue of Equity Shares | - | 2,445.39 | - | - | 2,445.39 |
| Balance as at 31st March, 2018 | 19,109.28 | 13,141.86 | (24,857.22) | - | 7,393.92 |
| Profit / (Loss) for the year | - | - | (2,894.55) | - | (2,894.55) |
| Other Comprehensive Income (net of taxes) | - | - | - | (27.63) | (27.63) |
| Total Comprehensive Income | 19,109.28 | 13,141.86 | (27,751.77) | (27.63) | 4,471.74 |
| Adjustments: | | | | | |
| Issue of equity shares for consideration other than cash | - | 1,222.69 | - | - | 1,222.69 |
| Transfer from other comprehensive income to retained earnings | - | - | (27.63) | 27.63 | - |
| Balance at 31st March, 2019 | 19,109.28 | 14,364.55 | (27,779.40) | - | 5,694.43 |

The accompanying notes 1 to 36 are an integral part of the financial statements.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

S.L. Agarwal
Managing Director
DIN No. 00189898

Sima Jhunjunwala
Chief Financial Officer & Whole Time
Director
DIN No. 07264006

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata
Date: 29th day of May, 2019

Sweta Biyani
Company Secretary
Membership No. : ACS22218

Notes forming part of Financial Statements

Note 1 Corporate information

Websol Energy Systems Limited ("the Company") is a public limited entity incorporated in India and is engaged in the business of manufacturing Solar photo-Voltaic Cells and Modules.

Its registered office is situated at 48, Pramatha Choudhury Sarani, Plot No 849, Block - P, 2nd Floor, New Alipore, Kolkata - 700053 (West Bengal). The financial statements for the year ended 31st March, 2019 were approved for issue by the Board of Directors on 29th May, 2019.

Note 2 Significant accounting policies

2.1 Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

2.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All amount disclosed in the financial statements including notes thereon have been rounded off to the nearest rupees in lakh as per the requirement of Schedule III to the Act, unless stated otherwise.

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. The Company's normal operating cycle in respect of operations relating to manufacturing Solar photo-Voltaic Cells and Modules can be considered as 12 months.

2.5 Property, plant and equipment (PPE) and Depreciation

- a) Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of PPE recognised as at 1st April, 2016 measured as per the previous GAAP.
- b) Cost is inclusive of inward freight, non-refundable taxes and duties and directly attributable costs of bringing an asset to the location and condition of its intended use. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

The cost and related accumulated depreciation are derecognised from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Notes forming part of Financial Statements

- c) Depreciation of these assets commences when the assets are ready for their intended use. Depreciation on items of PPE is provided on a Straight Line Method ('SLM') basis to allocate their cost, net of their residual value over the estimated useful life of the respective asset as specified in Schedule II to the Companies Act, 2013.

The estimated useful lives, residual values and method of depreciation are reviewed at each Balance sheet date and changes, if any, are treated as changes in accounting estimate.

2.6 Impairment of Assets

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss previously recognized is reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment loss had not been recognized.

2.7 Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

The cost of inventories is computed on weighted average basis. Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of inventories. Such write downs are recognised in the Statement of profit and loss.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

2.8 Revenue recognition

With effect from 1st April, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". The Company has applied Ind AS 115 using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount to which the entity expects to be entitled following a five-step model in accordance with Ind AS 115. Revenue is measured based on the consideration specified in a contract with a customer, and is reduced for volume discounts, rebates and other similar allowances.

a) Sale of goods

Revenue from sale of goods is recognized if the performance obligation of the same is satisfied. Performance obligation is satisfied at a point in time as per which income is recognized as and when control in goods is passed to the buyer.

b) Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

- c) All other incomes are accounted for on accrual basis.

2.9 Provisions, contingent liabilities and contingent assets

- a) Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each

Notes forming part of Financial Statements

reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

- b) Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Company or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent assets are neither recognized nor disclosed except when realisation of income is virtually certain, related asset is disclosed.
- d) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.10 Employee benefits

a) Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Provident fund

Company's Contributions to Provident are charged to the Statement of Profit and Loss in the year when the contributions to the respective funds are due.

c) Gratuity

Gratuity is provided on accrual basis.

2.11 Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

i) Financial Assets

(a) Recognition

Financial assets include Trade receivables, Advances, Security Deposits, Cash and cash equivalents, Bank balances etc. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

(b) Classification

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (1) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.
- (2) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (3) fair value through profit or loss (FVTPL), where the assets does not meet the criteria for categorization as at amortized cost or as FVTOCI. Such assets are subsequently measured at fair value, with unrealised

Notes forming part of Financial Statements

gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents, Bank balances etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

(c) Impairment

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

(d) Reclassification

When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

(e) De-recognition

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. If the asset is one that is measured at:

- (i) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (ii) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

ii) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

iii) Equity instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

iv) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

v) Dividend distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Notes forming part of Financial Statements

vi) Fair value measurement

Fair value is a market-based measurement, not an entity-specific measurement. Under Ind AS, fair valuation of financial instruments is guided by Ind AS 113 “Fair Value Measurement” (Ind AS – 113).

For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

2.12 Taxes

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

2.13 Earnings per Share

- a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted-average number of equity shares outstanding during the period.
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share split and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors,

2.14 Operating Segment

The Company is engaged in production of Solar photo-Voltaic Cells and Modules. Based on its internal organisation and management structure, the Company operates in only one business segment i.e. manufacturing of Solar photo-

Notes forming part of Financial Statements

Voltaic Cells and Modules and in only one geographic segment i.e. India. Accordingly there are no separate reportable segments.

2.15 Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Note 3 Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment:

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(ii) Fair value measurement

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) Provisions and contingent liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

Notes forming part of Financial Statements

(₹ In Lakh)

Note 4 Property, plant and equipment

| (i) Particulars | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|-------------------------------|-----------------------|---------------------------|---------------------------------------|------------------------|-----------------------------|-----------------|---------------------------------------|------------------------|------------------------|------------------------|
| | As on 1st April, 2018 | Additions During the year | Disposals/ deductions during the year | As on 31st March, 2019 | As on 1st April, 2018 | For the year | Disposals/ deductions during the year | As on 31st March, 2019 | As on 31st March, 2019 | As on 31st March, 2018 |
| Leasehold Land | 1,933.90 | - | - | 1,933.90 | 0.02 | 0.01 | - | 0.03 | 1,933.87 | 1,933.88 |
| Building | 4,649.76 | 58.92 | - | 4,708.68 | 387.35 | 205.60 | - | 592.95 | 4,115.73 | 4,262.41 |
| Plant and machinery | 25,964.81 | - | 236.35 | 25,728.46 | 1,907.05 | 1,283.30 | 8.49 | 3,181.86 | 22,546.60 | 24,057.76 |
| Furniture and Fixture | 151.41 | - | - | 151.41 | 82.01 | 41.01 | - | 123.02 | 28.39 | 69.40 |
| Computer | 6.78 | 1.76 | - | 8.54 | 2.77 | 1.70 | - | 4.47 | 4.07 | 4.01 |
| Office Equipment | 19.34 | 3.34 | - | 22.68 | 8.49 | 3.23 | - | 11.72 | 10.96 | 10.85 |
| Motor Vehicles | 89.28 | - | - | 89.28 | 26.66 | 13.04 | - | 39.70 | 49.58 | 62.62 |
| Total | 32,815.28 | 64.02 | 236.35 | 32,642.95 | 2,414.35 | 1,547.89 | 8.49 | 3,953.75 | 28,689.20 | 30,400.93 |
| (ii) Capital Work in Progress | - | 90.82 | - | 90.82 | - | - | - | - | 90.82 | - |

Previous Year

| Particulars | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | | |
|-----------------------|-----------------------|---------------------------|---------------------------------------|------------------------|-----------------------------|-----------------|-----------------|---------------------------------------|------------------------|------------------------|------------------------|
| | As on 1st April, 2017 | Additions During the year | Disposals/ deductions during the year | As on 31st March, 2018 | As on 1st April, 2017 | For the year | Adjustment | Disposals/ deductions during the year | As on 31st March, 2018 | As on 31st March, 2018 | As on 31st March, 2017 |
| Leasehold Land | 1,933.90 | - | - | 1,933.90 | 0.01 | 0.01 | - | - | 0.02 | 1,933.88 | 1,933.89 |
| Building | 4,642.04 | 7.72 | - | 4,649.76 | 193.58 | 193.77 | - | - | 387.35 | 4,262.41 | 4,448.46 |
| Plant and machinery | 23,300.38 | 2,664.43 | - | 25,964.81 | 737.47 | 1,384.50 | (214.92) | - | 1,907.05 | 24,057.76 | 22,562.91 |
| Furniture and Fixture | 149.82 | 1.59 | - | 151.41 | 40.96 | 41.05 | - | - | 82.01 | 69.40 | 108.86 |
| Computer | 2.20 | 4.58 | - | 6.78 | 1.54 | 1.23 | - | - | 2.77 | 4.01 | 0.66 |
| Office Equipment | 15.29 | 4.05 | - | 19.34 | 5.67 | 2.82 | - | - | 8.49 | 10.85 | 9.62 |
| Motor Vehicles | 89.28 | - | - | 89.28 | 11.84 | 14.82 | - | - | 26.66 | 62.62 | 77.44 |
| Total | 30,132.91 | 2,682.37 | - | 32,815.28 | 991.07 | 1,638.20 | (214.92) | - | 2,414.35 | 30,400.93 | 29,141.84 |

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.
3. Refer note 16 (b) for details regarding the restatement as a result of an error.
4. Refer note no. 17 (i) and (ii) for assets hypothecated as security for borrowings.

Note 5 Intangible assets

(₹ In Lakh)

| Particulars | Computer Software |
|--|-------------------|
| Gross carrying amount as at 1st April, 2018 | 5.43 |
| Additions during the year | 0.88 |
| As at 31st March, 2019 | 6.31 |
| Amortisation expense | |
| As at 1st April, 2018 | 2.17 |
| Amortisation for the year | 1.46 |
| As at 31st March, 2019 | 3.63 |
| Net carrying amount as at 31st March, 2019 | 2.68 |

Notes forming part of Financial Statements

(₹ In Lakh)

| | |
|--|--------------------------|
| Previous year | |
| Particulars | Computer Software |
| Gross carrying amount as at 1st April, 2017 | 3.19 |
| Additions during the year | 2.24 |
| Gross carrying amount as at 31st March, 2018 | 5.43 |
| Amortisation expense | |
| As at 1st April, 2017 | 1.06 |
| Amortisation for the year | 1.11 |
| As at 31st March, 2018 | 2.17 |
| Net carrying amount as at 31st March, 2018 | 3.26 |

Note 6 Non-current investments

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Joint Venture : | | |
| Carried at cost | | |
| Fully paid up : | | |
| Unquoted | | |
| Webso Energy System Europe KG | - | 15.10 |
| Less:- Provision for impairment of investments | - | (15.10) |
| Total | - | - |

Note 7 Loans**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---------------------------|---------------------------|
| Unsecured, considered good | | |
| Loans | | |
| Related party | | |
| Erstwhile overseas joint venture | - | 18.45 |
| Less:- Provision for impairment of loan | - | (18.45) |
| Others | | |
| Other corporate body | - | 16.42 |
| Total | - | 16.42 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------|---------------------------|---------------------------|
| Unsecured, considered good | | |
| Loans | | |
| Overseas corporate body | 531.36 | 828.88 |
| Total | 531.36 | 828.88 |

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Notes forming part of Financial Statements

(₹ In Lakh)

Note 8 Other financial assets**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-----------------------------------|---------------------------|---------------------------|
| Unsecured, considered good | | |
| Security deposits | 345.80 | 350.63 |
| Total | 345.80 | 350.63 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------|---------------------------|---------------------------|
| Unsecured, considered good | | |
| Interest accrued on fixed deposits | 0.01 | 0.01 |
| Total | 0.01 | 0.01 |

Note 9 Other assets**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---------------------------|---------------------------|
| Advances other than capital advances | | |
| Cenvat Credit | 119.72 | 119.72 |
| Advance for raw material | 858.22 | 858.22 |
| Total | 977.94 | 977.94 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------------------|---------------------------|---------------------------|
| Capital advances | - | 19.93 |
| Advances other than capital advances | | |
| Advances to suppliers and others | - | 107.71 |
| Advance against expenses | - | 10.13 |
| Advance to Staff | 19.02 | 6.71 |
| Electricity duty refundable | 0.29 | 52.55 |
| Service tax input receivable | 5.31 | 30.96 |
| GST input receivable | 56.08 | 76.56 |
| Prepayments | 7.12 | 5.46 |
| Total | 87.82 | 310.01 |

Note 10 Inventories (Valued at lower of cost and net realisable value)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------|---------------------------|---------------------------|
| Raw Materials | 1,506.71 | 806.78 |
| Work In Progress | 133.71 | 282.36 |
| Finished Goods | 1,696.66 | 680.29 |
| Stores and Spares | 53.02 | 47.25 |
| Total | 3390.10 | 1,816.67 |

Notes forming part of Financial Statements

(₹ In Lakh)

Note 11 Trade Receivables

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Unsecured, considered good | 967.51 | 2,134.26 |
| Credit impaired | 6.29 | 6.29 |
| | 973.80 | 2,140.55 |
| Less: Allowance for impaired receivables | (8.12) | (6.29) |
| Total | 965.68 | 2,134.26 |

Note 12 Cash and cash equivalents

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------|---------------------------|---------------------------|
| Balances with banks | | |
| On current and EEFC accounts | 3.06 | 1.61 |
| Cash on hand | 4.43 | 5.51 |
| Total | 7.49 | 7.12 |

Note 13 Bank balances other than cash and cash equivalents

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Term Deposits with Bank | | |
| Original maturity period less than 12 months | 0.35 | 0.35 |
| Total | 0.35 | 0.35 |

Note 14 Current Tax Assets (Net)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------|---------------------------|---------------------------|
| Advance Tax | 92.98 | 91.00 |
| Less : Provision for taxation | (11.45) | (63.83) |
| Total | 81.53 | 27.17 |

Note 15 Equity share capital

| Particulars | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------|---|---------------------------|------------------|---------------------------|------------------|
| | | No. of shares | (Rs. in lakh) | No. of shares | (Rs. in lakh) |
| (a) | Authorised | | | | |
| | Equity shares of par value Rs. 10/- each | 60,000,000 | 6,000.00 | 60,000,000 | 6,000.00 |
| | | 60,000,000 | 6,000.00 | 60,000,000 | 6,000.00 |
| (b) | Issued, subscribed and paid up | | | | |
| | Equity shares of par value Rs. 10/- each fully paid in cash | 11,286,553 | 1,128.66 | 11,286,553 | 1,128.66 |
| | Equity shares of par value Rs. 10/- each fully paid up issued as bonus shares by capitalization of Securities Premium | 9,986,533 | 998.65 | 9,986,533 | 998.65 |
| | Equity shares of par value Rs. 10/- each fully paid for consideration other than cash | 7,753,981 | 775.40 | 5,402,647 | 540.26 |
| | | 29,027,067 | 2,902.71 | 26,675,733 | 2,667.57 |

Notes forming part of Financial Statements

(₹ In Lakh)

(c) Reconciliation of number and amount of equity shares outstanding:

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------------------------|---------------------------|------------------|---------------------------|------------------|
| | No. of shares | (Rs. in lakh) | No. of shares | (Rs. in lakh) |
| At the beginning of the year | 26,675,733 | 2,667.57 | 21,973,066 | 2,197.31 |
| Shares issued during the year | 2,351,334 | 235.14 | 4,702,667 | 470.27 |
| At the end of the year | 29,027,067 | 2,902.71 | 26,675,733 | 2,667.57 |

- (d) The Company has only one class of equity shares having a par value of Rs. 10/- per Equity share. Each holder of equity shares is entitled to vote one per equity share held. All equity 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 the 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.

(e) Shareholders holding more than 5 % of the equity shares in the Company :

| NAME OF THE SHAREHOLDER | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-----------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| S L Industries Private Limited | 5,419,674 | 18.67% | 5,519,674 | 20.69% |
| Garnet International Limited | - | - | 2,528,514 | 9.48% |
| Sohan Lal Agarwal | 2,069,208 | 7.13% | 1,873,108 | 7.02% |
| India Max Investment Fund Limited | 1,677,025 | 5.78% | - | - |

- (f) "Foreign Currency Convertible Bonds (FCCBs) amounting to US\$ 16.80 million issued by the Company in earlier years was restructured vide a written resolution dated 7th December, 2016 signed by the bondholders and consequently, a supplement trust deed was executed on the same date between the Company and the Trustee. Post restructuring, the bonds are convertible into equity shares of the Company at the option of the bondholders. Other major changes due to restructuring are as follows

- Principal value of bonds were reduced from US\$ 16.80 million to US\$ 12.00 million.
- Change in conversion price from Rs. 550/- per share to Rs. 62/- per share at a fixed exchange rate of Rs. 68.032 / US\$.
- Extension in tenure of bonds upto 1st May, 2021, i.e. bondholders not converting their bonds into shares upto the said date will be settled in cash by the Company.
- Minimum denomination of bonds fixed at US\$ 1,00,000 as a result of which pool factor of 0.7142857142857143 being utilized for conversion into equity shares.

Note 16(a) Other equity

| Particulars | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------|---------------------------------------|---------------------------|-----------|---------------------------|-----------|
| (a) | Capital Reserve | | | | |
| | Balance as per last account | 19,109.28 | | 19,109.28 | |
| | Addition / (Deletion) during the year | - | | - | |
| | Closing Balance | | 19,109.28 | | 19,109.28 |
| (b) | Securities Premium | | | | |
| | Balance as per last account | 13,141.86 | | 10,696.47 | |
| | Add: Issue of equity shares | 1,222.69 | | 2,445.39 | |
| | Closing Balance | | 14,364.55 | | 13,141.86 |

Notes forming part of Financial Statements

(₹ In Lakh)

| Particulars | | As at 31st March, 2019 | As at 31st March, 2018 |
|--|-------------|---------------------------|---------------------------|
| (c) Retained Earnings | | | |
| Balance as per last account | (24,857.22) | | (26,200.31) |
| Prior Period Adjustment* | - | | 864.78 |
| Restated Balance as per last account | (24,857.22) | | (25,335.53) |
| Add: Profit / (Loss) for the year | (2,894.55) | | 478.31 |
| Add: Transfer from Other comprehensive income | (27.63) | | - |
| Closing Balance | | (27,779.40) | (24,857.22) |
| (d) Other Comprehensive Income | | | |
| - Remeasurement of Defined Benefit Plan | | | |
| Balance as per last account | - | | - |
| Add: Other comprehensive income for the year | (27.63) | | - |
| Less: Transferred to Retained earnings | (27.63) | | - |
| Closing Balance | | - | - |
| Total | | 5,694.43 | 7,393.92 |

* Refer note 16 (b) for details regarding the restatement as a result of an error.

Notes:

1. Capital Reserve represents various capital receipts such as subsidy, share application money forfeited, receipt on settlement of loan, etc.
2. Securities premium is used to record the premium on issue of shares. This reserve is being utilised in accordance with the provisions of the Act.
3. Retained Earnings represents the undistributed profit / amount of accumulated earnings of the Company.
4. Remeasurement of defined benefit plans comprises actuarial gains and losses which are recognised in other comprehensive income and then immediately transferred to retained earnings.

Note 16(b) Correction of error in calculation for depreciation

The Company undertook reconciliation of its fixed assets as per books and as per fixed assets register in 2017-18 and found mistake in calculation of depreciation i.e. the same was found to be overcharged in the books of accounts in earlier years.

The aforesaid error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

| Balance Sheet (Extract) | Property, Plant and Equipment | Retained Earnings | |
|--|-------------------------------------|-----------------------|--|
| Balance as at 1st April, 2017 | 28,277.07 | (26,200.31) | |
| Increase | 864.78 | 864.78 | |
| Restated Balance as at 1st April, 2017 | 29,141.85 | (25,335.53) | |
| Statement of Profit or Loss (Extract) | For the year ended 31st March, 2018 | Increase / (Decrease) | For the year ended 31st March, 2018 (Restated) |
| Depreciation and amortization expense | 1,639.31 | (214.92) | 1,424.39 |
| Profit for the year | 263.39 | 214.92 | 478.31 |

Basic and diluted earnings per share for the prior period have also been restated. The amount of correction for both basic and diluted earnings per share was an increase of Rs. 0.87 and Rs. 0.61 per share respectively.

Notes forming part of Financial Statements

(₹ In Lakh)

Note 17 Borrowings

(i) Non-current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Term loans | | |
| Secured | | |
| From Entities other than Bank | | |
| Invent Asset Reconstruction Company Ltd. | 3,526.13 | 3,718.12 |
| Others | | |
| Unsecured | | |
| From Related parties | 1656.03 | 1647.26 |
| From Others | 209.18 | 219.75 |
| Total | 5,391.34 | 5,585.13 |

Nature of securities:

- i) Term loan from Invent is primarily secured by way of first pari passu charge on mortgage / hypothecation over 90 MW cell line plant and equipment including land of Falta unit measuring 28,576.84 sq mts. Along with that, the loan is collaterally secured by way of first pari passu on equitable mortgage of industrial plot at Sector V, Salt lake electronics complex measuring 1.06 acre on pari passu basis.

Repayment Schedule as at March 31, 2019

| Particulars | Maturity profile | | | Total |
|--|------------------|-----------|--------------|----------|
| Secured loan | Less than 1 year | 1-5 years | Over 5 years | |
| Invent Asset Reconstruction Company Ltd. | - | 2,881.11 | 645.02 | 3,526.13 |

Repayment Schedule as at March 31, 2018

| Particulars | Maturity profile | | | Total |
|--|------------------|-----------|--------------|----------|
| Secured loan | Less than 1 year | 1-5 years | Over 5 years | |
| Invent Asset Reconstruction Company Ltd. | - | 3,200.28 | 517.84 | 3,718.12 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------|---------------------------|---------------------------|
| Other loans and advances | | |
| Secured | | |
| Machinery Purchase Loan | 570.76 | 570.76 |
| From bodies corporate* | - | 1,217.66 |
| Unsecured | | |
| From bodies corporate* | 1,634.79 | 695.74 |
| Total | 2,205.55 | 2,484.16 |

* Other than related parties

Notes forming part of Financial Statements

(₹ In Lakh)

Nature of securities:

(i) Machinery purchase loan is secured by way of hypothecation of respective machinery so procured.

Note 18 Trade and Other Payables**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Other payables | | |
| Payable to Suppliers of Capital Goods | | |
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 3,282.93 | 3,838.40 |
| Total | 3,282.93 | 3,838.40 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Trade payables | | |
| Total outstanding dues of micro and small enterprises | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | 8,102.92 | 6,145.81 |
| Total | 8,102.92 | 6,145.81 |

Note 19 Other Financial Liabilities**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------|---------------------------|---------------------------|
| Foreign Currency Convertible Bonds | 3,790.36 | 5,248.19 |
| Total | 3,790.36 | 5,248.19 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------------------|---------------------------|---------------------------|
| Other Payables | | |
| Unpaid salary and other payroll dues | 288.63 | 142.77 |
| Accrued expenses | 625.81 | 501.62 |
| Total | 914.44 | 644.39 |

* There is no amount outstanding to be transferred to Investor Protection and Education Fund.

Note 20 Provisions

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|---------------------------|---------------------------|
| Provision for Employee benefits | | |
| Gratuity | 138.68 | - |
| Total | 138.68 | - |

Notes forming part of Financial Statements

(₹ In Lakh)

Note 21 Deferred tax liabilities (Net)

| Particulars | Opening Balance | Recognised in profit or loss | Closing Balance |
|--|-----------------|------------------------------|-----------------|
| As at 31st March, 2019 | | | |
| Tax effect of items constituting deferred tax liabilities | | | |
| Depreciation | 1,938.83 | - | 1,938.83 |
| | 1,938.83 | - | 1,938.83 |
| Tax effect of items constituting deferred tax assets | | | |
| MAT credit entitlement | 318.11 | - | 318.11 |
| | 318.11 | - | 318.11 |
| Net deferred tax liabilities / expense | 1,620.72 | - | 1,620.72 |
| As at 31st March, 2018 | | | |
| Tax effect of items constituting deferred tax liabilities | | | |
| Depreciation | 1,938.83 | - | 1,938.83 |
| | 1,938.83 | - | 1,938.83 |
| Tax effect of items constituting deferred tax assets | | | |
| MAT credit entitlement | 266.69 | 51.42 | 318.11 |
| | 266.69 | 51.42 | 318.11 |
| Net deferred tax liabilities / expense | 1,672.14 | (51.42) | 1,620.72 |

Note 22 Other Current liabilities**(i) Non-current**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------|------------------------|------------------------|
| Lease Obligation | 0.09 | 0.10 |
| Deferred Income | 708.02 | 481.07 |
| Total | 708.11 | 481.17 |

(ii) Current

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------|------------------------|------------------------|
| Advances from customers | - | 129.56 |
| Statutory liabilities | 124.16 | 204.46 |
| Lease Obligation | 0.01 | 0.01 |
| Deferred Income | 188.81 | 213.81 |
| | 312.98 | 547.84 |

Note 23 Short term provisions

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------|------------------------|------------------------|
| Provision for Employee benefits | | |
| Gratuity | 5.61 | 116.35 |
| Other Provisions | | |
| Excise Duty | 100.00 | 100.00 |
| Total | 105.61 | 216.35 |

Notes forming part of Financial Statements

(₹ In Lakh)

Note 24 Revenue from operations

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--------------------------------------|--------------------------------|--------------------------------|
| Sale of goods | | |
| Solar Photovoltaic Cells and Modules | 6,855.84 | 18,316.16 |
| Other operating revenues | | |
| Tolling charges | - | 11.09 |
| Total | 6,855.84 | 18,327.25 |

Note 25 Other income

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| Interest income on financial assets carried at amortized cost | | |
| Deposits with Bank | - | 2.13 |
| Loans | 185.24 | 435.95 |
| Security deposit | 17.60 | 17.80 |
| Other non-operating income | | |
| Sundry balances written back | 1,375.29 | 503.29 |
| Insurance claim received | 1.06 | 59.04 |
| Exchange Fluctuation Income | - | 80.94 |
| Miscellaneous income | 149.46 | 0.08 |
| Total | 1,728.65 | 1,099.23 |

Note 26 Cost of materials consumed

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--------------------------|--------------------------------|--------------------------------|
| Opening stock | 806.78 | 183.42 |
| Add: Purchases | 6,961.24 | 13,909.03 |
| Carriage Inward | 332.10 | 485.65 |
| | 8,100.12 | 14,578.10 |
| Less: Closing stock | 1,506.71 | 806.78 |
| | 6,593.41 | 13,771.32 |
| Silicon Wafers | 1,918.05 | 9,553.66 |
| Silver & Aluminium Paste | 431.74 | 1,429.11 |
| Other Materials | 4,243.62 | 2,788.55 |
| Total | 6,593.41 | 13,771.32 |

Note 27 Stores and Spares consumed

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---------------------|--------------------------------|--------------------------------|
| Opening Stock | 47.25 | 32.59 |
| Add: Purchase | 277.45 | 868.87 |
| Less: Closing Stock | 53.02 | 47.25 |
| Total | 271.68 | 854.21 |

Notes forming part of Financial Statements

(₹ In Lakh)

Note 28 Changes in inventories of finished goods and work-in-progress

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--------------------------|--------------------------------|--------------------------------|
| Finished Goods | | |
| Opening stock | 680.29 | 157.17 |
| Less : Closing stock | 1,696.66 | 680.29 |
| Total (A) | (1,016.37) | (523.12) |
| Work- in-progress | | |
| Opening stock | 282.36 | 50.00 |
| Less :Closing stock | 133.71 | 282.36 |
| Total (B) | 148.65 | (232.36) |
| Total (A + B) | (867.72) | (755.48) |

Note 29 Power and Fuel

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|------------------|--------------------------------|--------------------------------|
| Power and fuel | 756.65 | 1,130.71 |
| Electric charges | 2.69 | 2.87 |
| Total | 759.34 | 1,133.58 |

Note 30 Employee benefits expense

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--|--------------------------------|--------------------------------|
| Salaries, allowances, bonus and gratuity | 864.69 | 796.45 |
| Contributions to provident and other funds (Refer note no. 36 (4)) | 66.70 | 63.84 |
| Staff welfare expenses | 15.02 | 16.51 |
| Total | 946.41 | 876.80 |

Note 31 Finance costs

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| Interest | | |
| On financial assets carried at amortised cost | 284.17 | 528.30 |
| On one time settlement with bank and ARCs | - | 47.24 |
| Other borrowing costs | 327.26 | 280.35 |
| Total | 611.43 | 855.89 |

Note 32 Depreciation and amortisation expense

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| Depreciation of property, plant and equipment (Refer note no. 4)* | 1,547.89 | 1,423.28 |
| Amortisation of intangible assets (Refer note no. 5) | 1.46 | 1.11 |
| Total | 1,549.35 | 1,424.39 |

* Refer note 16 (b) for details regarding the restatement as a result of an error.

Notes forming part of Financial Statements

(₹ In Lakh)

Note 33 Other expenses

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--------------------------------------|--|--|
| Rent | 55.74 | 48.31 |
| Repairs and maintenance to building | 67.44 | 56.02 |
| Repairs and maintenance to machinery | 21.53 | 43.25 |
| Repairs and maintenance to others | 23.03 | 19.32 |
| Insurance | 9.69 | 18.91 |
| Listing Fees | 6.16 | 14.33 |
| Rates & taxes | 11.80 | 6.27 |
| Carriage Outward | 108.91 | 56.78 |
| Conference and Meeting expenses | 4.38 | 4.38 |
| Director's Sitting fees | 3.65 | 3.24 |
| Donation | 2.00 | 5.00 |
| Advertisement and Selling Expenses | 1.00 | 1.63 |
| Bank Commission and Charges | 3.58 | 13.92 |
| Printing and Stationery | 8.68 | 8.36 |
| Professional and consultancy charges | 201.11 | 245.24 |
| Payment to Auditor* | 5.00 | 4.43 |
| Exchange Fluctuation Loss | 535.64 | - |
| Telephone charges | 9.34 | 9.72 |
| Travelling and Conveyance | 65.38 | 83.67 |
| Coolie & Cartage | 0.11 | 0.14 |
| Hire Charges | 7.77 | 26.47 |
| Security Expenses | 10.63 | 8.61 |
| Sundry Balances written off | 242.56 | 1.26 |
| Credit impairment for doubtful debt | 1.83 | - |
| Other Selling Expenses | 153.07 | 65.09 |
| Miscellaneous Expense | 50.03 | 42.15 |
| Total | 1,610.06 | 786.50 |
| Payment to Auditor | Year ended 31st March, 2019 | Year ended 31st March, 2018 # |
| As Auditor | 3.00 | 3.57 |
| For Other Services | 2.00 | - |
| For Taxation Matters | - | 0.86 |
| Total | 5.00 | 4.43 |

Represents amount paid to previous statutory auditors.

Notes forming part of Financial Statements

(₹ In Lakh)

Note 34 Tax expense

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| Current tax* | 5.08 | 52.38 |
| Deferred tax (Refer note no. 21) | - | (51.42) |
| | 5.08 | 0.96 |
| * Pertains to income tax for earlier years | | |
| Reconciliation of Tax Expense | | |
| Profit/Loss before tax | (2,889.47) | 479.27 |
| Applicable tax rate | - | 20.39% |
| Computed tax expense | - | 97.72 |
| Adjustment for: | | |
| Effect on Ind AS adjustment as at transition date | - | 2.48 |
| MAT Credit Entitlement | - | 51.42 |
| Other differences | - | 42.86 |
| Tax Expense | - | 0.96 |

Note 35 Earnings per share

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|--------------------------------|--------------------------------|
| Amount used as the numerator (Rs. in lakh) | | |
| Profit for the year - (A) | (2,894.55) | 478.31 |
| Weighted average number of equity shares outstanding used as the denominator for computing Basic Earnings per share - (B) | 289.11 | 247.95 |
| Weighted average number of equity shares outstanding used as the denominator for computing Diluted earnings per share - (C) | 351.34 | 351.53 |
| Nominal value of equity shares (Rs.) | 10.00 | 10.00 |
| Basic earnings per share (Rs.) (A/B)* | (10.01) | 1.93 |
| Diluted earnings per share (Rs.) (A/C)* | (8.24) | 1.36 |

* Refer note 16 (b) for details regarding the restatement as a result of an error.

Note 36 Other disclosures

1. Contingent liabilities (to the extent not provided for)

| Sl. No. | Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------|--|---------------------------|---------------------------|
| A. | Contingent liabilities : | | |
| | Claims against the Company not acknowledged as debts : | | |
| (i) | Income tax penalty* | - | 628.05 |
| (ii) | Excise duty and penalty** | 187.54 | 187.54 |
| (iii) | Trade payable- Liquidated damages | 20.00 | 20.00 |
| | | 207.54 | 835.59 |

The amounts shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities. In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of the appeals."

Notes forming part of Financial Statements

(₹ In Lakh)

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.

* Income Tax demand pertaining to A.Y. 2013-14 was raised on the Company u/s 271(1)(c). However, the said demand was deleted vide order dated 04.02.2019.

** The company has paid Rs. 100 Lakh against this demand in the year 2004-05.

2. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31 March 2019 as micro, small and medium enterprises. Consequently, the amount due to micro and small enterprises as per requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is Nil (31st March 2018 - Nil).

3. Operating segment

The Company is primarily engaged in only one product line i.e., Solar photo-Voltaic Cells and Modules. All the activities of the Company revolve around the main business. As such there are no separate reportable segments as per requirements of Accounting Standard (Ind AS- 108) on operating segment. Further, the Company operates only in India, hence additional information under geographical segments is also not applicable. The Director of the Company has been identified as the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker also monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

4 Employee Benefits :

As per Indian Accounting Standard - 19 " Employee Benefits", the disclosures of Employee Benefits are as follows:

a) Defined Contribution Plan :

Employee benefits in the form of Provident Fund and Employee State Insurance Corporation are considered as defined contribution plan.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under :

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--|--------------------------------|--------------------------------|
| Employer's Contribution to Provident Fund | 49.25 | 45.60 |
| Employer's Contribution to Employees' State Insurance Scheme | 17.45 | 18.24 |

Retiring gratuity

The Company had an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provided for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days of last drawn basic salary for each completed year of service. Vesting occurred upon completion of five years of service. The Company made annual contributions to gratuity funds established as trusts or insurance companies. The Company accounted for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company was exposed to actuarial risk, investment risk, interest risk, salary escalation risk, demographic risk, regulatory risk.

i. Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Notes forming part of Financial Statements

(₹ In Lakh)

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at their resignation date."

- ii. Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- iii. Interest risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
- iv. Liquidity risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- v. Salary Escalation risk: The present value of the defined benefit plans calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- vi. Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- vii. Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20 Lakh).

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by a registered Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | Valuation |
|-------------------------------------|-------------------------|
| | As at March 31, 2019 |
| Discount rate(s) | 7.60% |
| Expected rate(s) of salary increase | 10.00% |

Notes forming part of Financial Statements

(₹ In Lakh)

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:-

| Particulars | For the year ended March 31, 2019 |
|---|-----------------------------------|
| Current service cost | 17.18 |
| Past service cost and (gain)/loss from settlements | - |
| Net interest expense | 7.90 |
| Components of defined benefit costs recognised in profit or loss | 25.08 |
| Remeasurement on the net defined benefit liability: | |
| Return on plan assets (excluding amounts included in net interest expense) | (0.03) |
| Actuarial (gains) / losses arising from experience assumptions | 27.66 |
| Actuarial (gains) / losses arising from assumptions changes | - |
| Components of defined benefit costs recognised in other comprehensive income | 27.63 |
| Total | 52.71 |

The current service cost and the net interest expense for the year are included in the "Employee benefit expenses" line item in the statement of profit and loss

The remeasurement of the net defined liability is included in other comprehensive income

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

| Particulars | As at March 31, 2019 |
|--|----------------------|
| Present value of funded defined benefit obligation | 159.84 |
| Fair value of plan assets | (15.55) |
| Funded status | 144.29 |
| Restrictions on asset recognised | - |
| Net liability arising from defined benefit obligation | 144.29 |

Movements in the present value of the defined benefit obligations are as follows:

| Particulars | For the year ended March 31, 2019 |
|--|-----------------------------------|
| Opening defined benefit obligations | 130.78 |
| Current service cost | 17.18 |
| Interest cost | 9.00 |
| Actuarial (gains) / losses arising from experience assumptions | 27.66 |
| Benefits paid | (24.78) |
| Closing defined benefit obligation | 159.84 |

Movements in the fair value of the plan assets are as follows:

| Particulars | For the year ended March 31, 2019 |
|--|-----------------------------------|
| Opening fair value of plan assets | 14.42 |
| Interest income | 1.10 |
| Return on plan assets (excluding amounts included in net interest expense) | 0.03 |
| Closing fair value of plan assets | 15.55 |

Notes forming part of Financial Statements

(₹ In Lakh)

| Particulars | As at March 31, 2019 |
|---|-------------------------|
| Investment Details | Gratuity |
| | Funded |
| Scheme of insurance - conventional products | 100% |

The following payments are expected contributions to the defined benefit plan in future years:

| Particulars | As at March 31, 2019 |
|----------------------------------|-------------------------|
| March 31, 2020 | 21.95 |
| March 31, 2021 | 2.70 |
| March 31, 2022 | 2.83 |
| March 31, 2023 | 11.62 |
| March 31, 2024 | 8.19 |
| March 31, 2025 to March 31, 2029 | 80.11 |
| Total expected payments | 127.40 |

Sensitivity analysis

Significant actuarial assumption for determination of defined benefit plan are discount rate and expected salary growth. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below :

| | For the year ended March 31, 2019 | | For the year ended March 31, 2019 | |
|---|--------------------------------------|------------------|--------------------------------------|------------------|
| Assumptions | Discount rate | | Future salary increases | |
| Sensitivity Level | +1 % increase | -1 % decrease | +1 % increase | -1 % decrease |
| Impact on defined benefit obligation | (12.20) | 15.00 | 13.20 | (11.50) |
| % Change compared to base due to sensitivity [+/(-)%] | | | | |

Note: Actuarial Valuation for gratuity has been done only as at 31st March, 2019. Hence, figures for earlier periods could not be disclosed.

5. Details of Loan, guarantee and Investments covered under section 186 (4) of the Companies Act, 2013 :

All loans as disclosed in Note No. 7 are provided for business purposes. The Company has neither given any security or guarantee nor made any investment during the year.

6. Disclosure under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

There are no transactions which are required to be disclosed under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. Lease disclosure

Finance lease taken

The Company's significant leasing arrangements is in respect of financial leases for factory in salt lake and falta. Leasehold land of Salt Lake unit has been acquired under a lease of 90 years with a renewal option and Leasehold land of Falta SEZ unit has been acquired under a lease of 15 years with a renewal option. The aggregate lease rentals payable are charged as 'Rent' under note no. 33.

Notes forming part of Financial Statements

(₹ In Lakh)

The future minimum rentals are as follows:

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---------------------------|---------------------------|
| Not later than one year | 33.58 | 22.03 |
| Later than one year and not later than five years | 131.03 | 104.64 |
| Later than five years | - | 12.81 |
| | 164.61 | 139.48 |

8 Related party disclosures**a) Name of the related parties and description of relationship :****i) Key Managerial Personnel (KMP):**

Mr. S.L. Agarwal - Managing Director
 Smt Sima Jhunhunwala - Whole Time Director
 Smt Sweta Biyani - CS (Resigned on 29.03.2019)

ii) Other related parties

Close members of KMP

Significant influence entities

Sangrima Enterprise - Relative of Managing Director is partner in the firm
 S.L Industries Pvt. Ltd. (Promoter Company)

b) Transactions with Related parties :

| Nature of transaction/ Name of related party | Significant influence entities | Key Managerial Personnel (KMP) | Close members of KMP | Total |
|--|--------------------------------|--------------------------------|----------------------|----------|
| (i) Compensation/ Remuneration of KMP | | | | |
| Mr. S.L. Agarwal | - | 90.26 | - | 90.26 |
| | (-) | (64.02) | (-) | (64.02) |
| Smt. Sima Jhunhunwala | - | 18.87 | - | 18.87 |
| | (-) | (18.28) | (-) | (18.28) |
| Smt. Sweta Biyani | - | 2.19 | - | 2.19 |
| | (-) | (2.07) | (-) | (2.07) |
| (ii) Unsecured Loan taken | | | | |
| S.L Industries Pvt. Ltd. | - | - | - | - |
| | (684.32) | - | - | (684.32) |
| (iii) Unsecured Loan Repayment | | | | |
| S.L Industries Pvt. Ltd. | - | - | - | - |
| | (669.53) | (-) | (-) | (669.53) |
| (iv) Purchase of Goods | | | | |
| Sangrima Enterprise | - | - | 37.01 | 37.01 |
| | (-) | (-) | (99.39) | (99.39) |
| (v) Amount paid for purchase | | | | |
| Sangrima Enterprise | - | - | 62.74 | 62.74 |
| | (-) | (-) | (277.00) | (277.00) |
| (vi) Sale of Goods | | | | |
| Sangrima Enterprise | - | - | 4.64 | 4.64 |
| | (-) | (-) | (96.19) | (96.19) |

Notes forming part of Financial Statements

(₹ In Lakh)

Balance outstanding as at the year end:

(i) Unsecured Loan Payable Outstanding

| | | | | |
|--------------------------|----------|-----|-----|----------|
| S.L Industries Pvt. Ltd. | - | - | - | - |
| | (206.23) | (-) | (-) | (206.23) |

(ii) Trade payable outstanding at the end of the year

| | | | | |
|---------------------|-----|-----|---------|---------|
| Sangrima Enterprise | - | - | 37.01 | 37.01 |
| | (-) | (-) | (62.74) | (62.74) |

(iii) Trade receivable outstanding at the end of the year

| | | | | |
|---------------------|-----|-----|---------|---------|
| Sangrima Enterprise | - | - | 7.28 | 7.28 |
| | (-) | (-) | (96.19) | (96.19) |

c) Details of Remuneration paid/ payable to KMP

| Particulars | Mr. S.L. Agarwal | Smt Sima Jhunjhunwala | Smt Sweta Biyani | Total |
|--|------------------|-----------------------|------------------|-------------------|
| Short - term employee benefits | | | | |
| Salary | 79.82 (57.68) | 16.12 (15.46) | 1.80 (1.80) | 97.74 (74.94) |
| Perquisites | 3.73 (2.89) | 1.41 (1.54) | 0.15 (0.03) | 5.29 (4.46) |
| | 83.55 (60.57) | 17.53 (17.00) | 1.95 (1.83) | 103.03 (79.40) |
| Post employment benefits | | | | |
| Contribution to provident fund, gratuity and other funds | 6.71 (3.45) | 1.34 (1.28) | 0.24 (0.24) | 8.29 (4.97) |
| | 90.26 (64.02) | 18.87 (18.28) | 2.19 (2.07) | 111.32 (84.37) |

d) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in current year and previous year for bad or doubtful debts in respect of the amounts owed by related parties.

f) Figures in brackets-() represents for year ended 31st March, 2018.

9. Financial instruments - Accounting, Classification and Fair value measurements

A. Financial instruments by category

As at 31st march, 2019

(Rs. In Lakh)

| Sl. No. | Particulars | Refer Note No. | Total Fair Value | Carrying value | | | Total |
|------------|--|----------------|------------------|-----------------|----------|----------|-----------------|
| | | | | Amortized cost | FVTOCI | FVTPL | |
| (1) | Financial assets | | | | | | |
| (a) | Trade receivables | 11 | 965.68 | 965.68 | - | - | 965.68 |
| (b) | Cash and cash equivalents | 12 | 7.49 | 7.49 | - | - | 7.49 |
| (c) | Bank Balances other than Cash and cash equivalents | 13 | 0.35 | 0.35 | | | 0.35 |
| (d) | Loans | 7 | 531.36 | 531.36 | - | - | 531.36 |
| (e) | Other financial assets | 8 | 345.81 | 345.81 | - | - | 345.81 |
| | Total | | 1,850.69 | 1,850.69 | - | - | 1,850.69 |

Notes forming part of Financial Statements

(₹ In Lakh)

| Sl. No. | Particulars | Refer Note No. | Total Fair Value | Carrying value | | | Total |
|------------|------------------------------|----------------|------------------|------------------|----------|----------|------------------|
| | | | | Amortized cost | FVTOCI | FVTPL | |
| (2) | Financial liabilities | | | | | | |
| (a) | Borrowings | 17 | 7,596.89 | 7,596.89 | - | - | 7,596.89 |
| (b) | Trade payables | 18 | 11,385.85 | 11,385.85 | - | - | 11,385.85 |
| (c) | Other financial liabilities | 19 | 4,704.80 | 4,704.80 | - | - | 4,704.80 |
| | Total | | 23,687.54 | 23,687.54 | - | - | 23,687.54 |

As at 31st March, 2018**(Rs. In Lakh)**

| Sl. No. | Particulars | Refer Note No. | Total Fair Value | Carrying value | | | Total |
|------------|--|----------------|------------------|------------------|----------|----------|------------------|
| | | | | Amortized cost | FVTOCI | FVTPL | |
| (1) | Financial assets | | | | | | |
| (a) | Trade receivables | 11 | 2,134.26 | 2,134.26 | - | - | 2,134.26 |
| (b) | Cash and cash equivalents | 12 | 7.12 | 7.12 | - | - | 7.12 |
| (c) | Bank Balances other than Cash and cash equivalents | 13 | 0.35 | 0.35 | | | 0.35 |
| (d) | Loans | 7 | 845.30 | 845.30 | - | - | 845.30 |
| (e) | Other financial assets | 8 | 350.64 | 350.64 | - | - | 350.64 |
| | Total | | 3,337.67 | 3,337.67 | - | - | 3,337.67 |
| (2) | Financial liabilities | | | | | | |
| (a) | Borrowings | 17 | 8,069.29 | 8,069.29 | - | - | 8,069.29 |
| (b) | Trade payables | 18 | 9,984.21 | 9,984.21 | - | - | 9,984.21 |
| (c) | Other financial liabilities | 19 | 5,892.57 | 5,892.57 | - | - | 5,892.57 |
| | Total | | 23,946.07 | 23,946.07 | - | - | 23,946.07 |

Fair value hierarchy

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, loans and other current financial assets, short term borrowings, trade payables and other current financial liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using adjusted net asset value method.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2.

Financial assets and financial liabilities measured at fair value on a recurring basis as at 31st March, 2019 Nil (31st March, 2018 : Nil).

Notes forming part of Financial Statements

(₹ In Lakh)

10. Financial risk management objectives and policies

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under financial instrument or a customer contract leading to a financial loss. The Company is exposure to credit risk from its operating activities primarily trade receivables with exchanges and from its financing activities including deposits placed with bank and other financial instruments/assets. Credit risk from balances with bank and other financial instrument is managed in accordance with company's policies.

Credit risk arising from balances with banks and other cash equivalents is limited and no collaterals are held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by credit rating agencies.

Loans and other financial assets measured at amortized cost includes loans to related parties, security deposits and others. Credit risk related to these financial assets are managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system is in place to ensure that the amounts are within defined limits.

Customer credit risk is managed as per company's established policy, procedure and control related to credit risk management. Credit quality of the customer is assessed based on his previous track record and funds & securities held by him in his account and individual credit limit are defined according to this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each balance sheet date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Assets are written off when there is no reasonable expectation of recovery. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial assets.

The Company assesses and manages credit risk of financial assets on the basis of assumptions, inputs and factors specific to the class of financial assets. The Company provides for expected credit loss on Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets based on 12 months expected credit loss/life time expected credit loss/ fully provided for. Life time expected credit loss is provided for trade receivables.

Expected credit loss for trade receivables under simplified approach

In respect of trade receivables, the Company considers provision for lifetime expected credit loss. Given the nature of business operations, the Company's trade receivables has low credit risk. Further, historical trends indicate any shortfall between such deposits held by the Company and amounts due from customers have been negligible. Hence, no loss allowances using life time expected credit loss mode is required.

The movement of Trade Receivables and Expected Credit Loss are as follows:

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------|---------------------------|---------------------------|
| Trade Receivables (Gross) | 973.81 | 2,140.55 |
| Less: Expected Credit Loss | (8.12) | (6.29) |
| Trade Receivables (Net) | 965.68 | 2,134.26 |

(b) Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligation on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under

Notes forming part of Financial Statements

(₹ In Lakh)

committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

The tables below summarises the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---------------------------------|------------------|------------------|-------------------|------------------|
| As at 31st March, 2019 | | | | |
| Borrowings (excluding interest) | 2,205.55 | 4,746.32 | 645.02 | 7,596.89 |
| Trade payables | 8,102.92 | 3,282.93 | - | 11,385.85 |
| Other financial liabilities | 914.44 | 3,790.36 | - | 4,704.80 |
| Total | 11,222.91 | 11,819.61 | 645.02 | 23,687.54 |
| As at 31st March, 2018 | | | | |
| Borrowings (excluding interest) | 2,484.17 | 5,067.29 | 517.84 | 8,069.30 |
| Trade payables | 2,380.00 | 7,604.21 | - | 9,984.21 |
| Other financial liabilities | 644.40 | 5,248.19 | - | 5,892.59 |
| Total | 5,508.57 | 17,919.69 | 517.84 | 23,946.10 |

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Market rate risk comprises of currency risk, interest rate risk and other price risk such as equity price risk and commodity risk.

Foreign currency risk

Foreign currency risk is the risk of impact related to fair value of future cash flows if an exposure in foreign currency, which fluctuate due to change in foreign currency rate. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings and trade payables. The foreign currency risk is unhedged.

Unhedged Foreign Currency exposures are as follows :-

| Particulars | Currency | As at 31st March, 2019 | As at 31st March, 2018 |
|---|----------|------------------------|------------------------|
| Amount receivable on account of sale of goods, loans and advances, interest, etc. | USD | NIL | NIL |
| Amount payable on account of purchase of goods and services, loans and advances, interest, etc. | USD | 105.64 | NIL |
| | EURO | 18.42 | NIL |

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rate.

i) Liabilities

The Company's fixed rate borrowings are carried at amortised cost. They are, therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company has no variable rate borrowings.

Notes forming part of Financial Statements

(₹ In Lakh)

ii) Assets

The company's fixed deposits and loans are carried at fixed rate. Therefore, these are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Price risk

Price risk is the risk that the fair value of financial instrument will fluctuate due to change in market traded price.

The Company's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments in mutual funds, the Company diversifies its portfolio of assets.

11. Capital Management

Risk management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity share-holders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders and maintain an optimal capital structure to reduce the cost of Capital.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders (buy back its shares) or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2019 and 31st March, 2018.

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--------------------------|------------------|------------------|
| Net debt | 7,589.41 | 8,062.18 |
| Total equity | 8597.14 | 8,981.79 |
| Net debt to equity ratio | 0.88 | 0.90 |

* Net debt = non-current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued – cash and cash equivalents.

12. Investment in Websol Energy System Europe KG has been written off since the said Company is incurring losses and there is no future possibility of realizing the investment made in the said Company. (Refer Note 6 to the Financial Statements)

13. Recent Accounting Pronouncements - Standards Issued but not yet Effective

i) Ind AS 116

Ind AS 116 is effective for period beginning on or after 1st April, 2019. It will replace previous lease standard Ind AS 17.

Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17.

Ind AS 116 requires lessees to recognize a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. The lessor still has to classify leases as either finance or operating.

The Company is evaluating the impact of the standard and amendment on the financial position and results of operation.

Notes forming part of Financial Statements

(₹ In Lakh)

ii) Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatment that are yet to be accepted by tax authorities and to reflect in the measurement of current and deferred taxes.

The Company is evaluating the impact of the standard and amendment on the financial position and results of operation.

iii) Prepayment Features with Negative Compensation, Amendments to Ind AS 109

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

iv) Plan Amendment, Curtailment or Settlement- Amendments to Ind AS 19

On 30th March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

14. The previous year's have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

The accompanying notes 1 to 36 are an integral part of the financial statements.

As per our report of even date attached.

For **G. P. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration No. - 302082E

S.L. Agarwal

Managing Director

DIN No. 00189898

Sima Jhunjhunwala

Chief Financial Officer & Whole Time Director

DIN No. 07264006

(CA. Sunita Kedia)

Partner

Membership No. 60162

Place of Signature: Kolkata

Date: 29th day of May, 2019

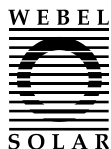
Sweta Biyani (Resigned on 29.03.2019)

Company Secretary

Membership No. : ACS22218

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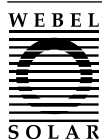
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**WEBSOL ENERGY SYSTEM LIMITED****Registered Office :** 48, Pramatha Choudhury Sarani, Plot 849, Block P New Alipore, Kolkata – 700 053**CIN NO :** L29307WB1990PLC048350**Telephone :** (033) 2400-0419, **Email :** investors@webelsolar.com. **Website :** www.webelsolar.com**ATTENDANCE SLIP**

I/We hereby record my/our presence at the Annual General Meeting of the Company, to be held on Monday, September 30, 2019 at 09.30AM at Nazrul Tirtha, Biswa Bangla Sarani, beside DLF Building, AF Block- (Newtown), Action Area-1A, Newtown Kolkata, West Bengal-700156

Folio No/DP ID & Client ID :**Share Holding :****Serial No :****Name :****Name(s) of Joint Holder(s), if any :****Address :****Proxy's Name in Block Letters****Member's/Proxy's Signature**

Note: Please bring the Attendance Slip duly signed to the meeting and hand it over at the Entrance of the Meeting Hall. Duplicate slips will not be issued at the venue of the AGM.

**WEBSOL ENERGY SYSTEM LIMITED****PROXY FORM : MGT-11****Registered Office :** 48, Pramatha Choudhury Sarani, Plot 849, Block P New Alipore, Kolkata – 700 053**CIN NO :** L29307WB1990PLC048350**Telephone :** (033) 2400-0419, **Email :** investors@webelsolar.com. **Website :** www.webelsolar.com

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):**Registered Address :****E-mail ID :****Folio No/DP ID & Client ID :**

I/We, being the Member(s) of Websol Energy System Limited, holding.....Equity Shares of the above named Company, hereby appoint :

1) Name:.....Address.....

E-mail ID :.....Signature : or failing him/her;

2) Name:.....Address.....

E-mail ID :.....Signature : or failing him/her;

3) Name:.....Address.....

E-mail ID :.....Signature :

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, September 30, 2019 at 09.30AM at Nazrul Tirtha, Biswa Bangla Sarani, beside DLF Building, AF Block (Newtown), Action Area-1A, Newtown, Kolkata, West Bengal-700156

| Sl. No. | Resolutions | Optional * | |
|-------------------|---|------------|---------|
| | | For | Against |
| Ordinary Business | | | |
| 1 | Adoption of the Audited Balance Sheet of the Company as at 31 st March, 2019, the Statement of Profit & Loss and the cash flow statement for the year ended as on that date together with Notes, Reports of the Board of Directors and Auditors thereon. | | |
| 2 | To appoint a Director in place of Shri Sohan Lal Agarwal, Managing Director (DIN 00189898), who retires by rotation and being eligible offer himself for re-appointment. | | |
| Special Business | | | |
| 3 | Appointment of Mr. Ritesh Ojha (DIN: 08277744) as an Independent Director of the Company | | |
| 4 | Re-appointment of Mr. Dharmendra Sethia (DIN:06775533) as Non-Executive Director of the Company | | |

Signed thisday of2019

Signature of Shareholder.....Signature of Proxyholder.....

Affix
Revenue
Stamp of
₹ 1/- here

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Company's Registered Office or Head and Corporate Office not less than 48 hours before the commencement of the AGM.
2. For the Resolutions, please refer to the Notice of Annual General Meeting of the Company.
3. *It is optional to put a 'X' in the appropriate column against the resolutions indicated to the box. If you leave the 'For' or 'Against' column blank against and vor all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

ELECTRONIC VOTING PARTICULARS

| EVEN(Electronic Voting Event Number) | User ID | Password |
|--------------------------------------|---------|----------|
| | | |

Note : Please refer to AGM Notice for E-voting instructions.



Disclaimer

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

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

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



Websol Energy System Limited
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Plot 849, Block P, 2nd Floor
Kolkata - 700 053, West Bengal, India
Website : www.webelsolar.com