Inflection point

Websol Energy System Limited

Annual Report 2019-20

what's inside this report

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Inflection point

Websol Energy System Limited has been in business for 25 years.

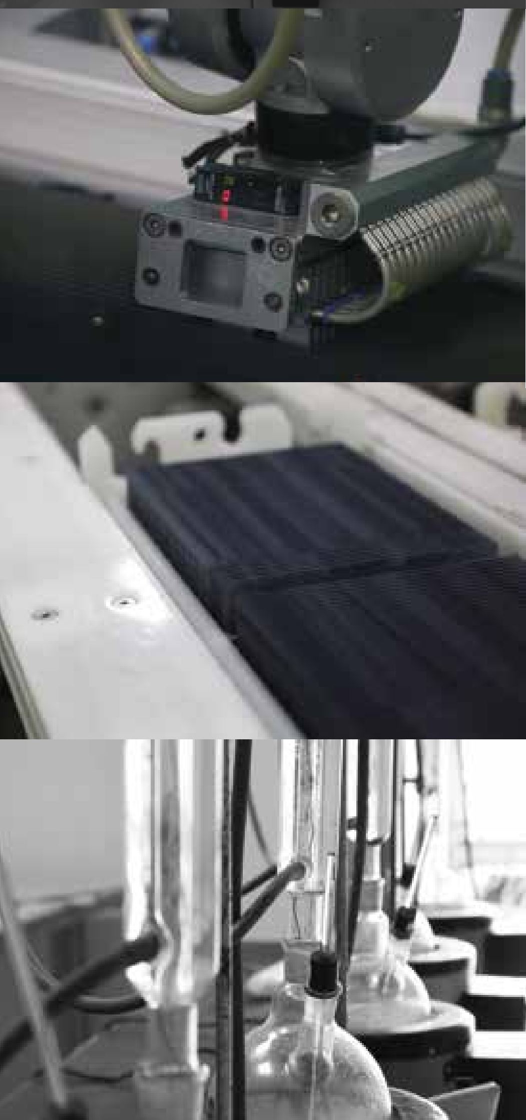
The Company pioneered the manufacture of solar cells in India; it is among the five largest companies in the manufacture of solar cells and modules in India today.

During this challenging phase marked by changes in political will, technologies and market acceptance, the Company invested in capacities and capabilities.

The Company has emerged opportunity-ready following the introduction of government policies to promote renewable energy, Atmanirbhar Bharat, PLI incentives and a commitment to meet the targets enunciated under the Paris Climate Change accord.

The result is that the Company finds itself at an inflection point marked by a larger customer appetite for products, lower costs and enhanced viability.

The convergence of these realities promises sustainable and profitable growth for the Company from this point onwards.



5 things to know about Websol Energy System Limited

01

Rich experience: The Company has had a rich presence in manufacturing solar photovoltaic cells and modules. Owing to the rich experience of two and a half decades, the Company is attractively positioned in the sector. The Company went into business as a fully export-oriented unit catering to Europe (mainly Germany and Italy) and US. The Company produced export quality products and its panels have been operating for 25 years.

02

Technology: Keeping in view rapid technology advancement, the Company invested in cutting-edge developments to manufacture world-class photovoltaic cells and solar modules at its state-of-the-art facility in Falta, SEZ. The facility comprises a production capacity of 250 MW cells and 250 MW modules.

03

Quality assurance: The Company is driven towards quality excellence. Websol has ISO 9001:2015 certification to vindicate the same. The solar modules also have approvals as per IEC 61215, IEC 61730 and UL 1703 standards.

04

Environmental assurance: The Company enjoys ISO 14001:2015 certification in addition to the OHSAS 18001:2007 certification, which validates its HSE compliance.

05

Research & Development: The Company has invested in an R&D team focused on maximising equipment utilisation, quality standards and alignment with emerging sectorial trends with the objective of product customisation.

Mission: To provide solar energy solutions with competitive product quality as per international standards and develop advanced products through cutting edge technology that will create value for the customer and stakeholders, while improving the environment by conservation of natural resources and implement pollution control measure along with caring for our employees.

Vision: To provide clean, reliable, environment friendly, competitive electrical energy around the world to save our planet earth for our future generations

Values: Our core values are as follows:

- Customer focus and satisfaction
- Employee engagement and satisfaction
- Innovation and state-of-the-art technology
- Transparency at all levels
- Being environment friendly

Milestones

1990-91
Mr. S. L. Agarwal, Founder and Managing Director of Websol Energy System Limited, conceived the business.

1995-97
Production evolved to 6” wafers and modules up to 95 Wp. A quality certificate from ISPRA IEC 61215 standards was obtained

2000-01
Production extended to the manufacture of 8” wafers. Module output increased to 125 Wp for type W1000. Increased capacity to 3 MW.

2002-04
International certification received for W1000 as per IEC 61215 standards. UL 1703 listing for all W900 type modules. Capacity was expanded from 3MW to 5MW.

2003-04
Installed capacity increased from 3 MW to 5 MW. UL 1703 listing was obtained for W1000 type modules. Production of 160/190Wp modules was commenced.

2005-06
Capacity increased from 5MWp to 10 MWp. Commenced commercial production of W1600 and W2000R. International certification from TUV safety class II for W2000 and W1600 type modules. Industrial site finalised in SEZ Falta, West Bengal, for a 120 MW expansion

2006-07

The total installed capacity of the Company was enhanced to 20 MWp. Three new products were introduced including the W2000R

2007-08

International certifications IEC 61215 and IEC 61730 were received for 180/220Wp. UL and CSA listing for 180/220Wp modules. Installed PECVD technology for Silicon nitride anti-reflective coating at the Salt Lake plant in Calcutta. Engineering, Procurement and Construction Management consultant was appointed for Falta plant. Cell efficiency reached 16.5%-plus

2009-10

State-of-the-art production facility installed in Falta Special Economic Zone in West Bengal. Migrated from 125x125 mm to 156x156 mm wafers; increased the power output of modules to 290W. The total installed capacity of the Company increased to 60 MWp

2011-12

The total installed capacity of the Company was enhanced to 120 MWp.

2012-13

Tied up with Renesola (China) for two years to OEM produce cells and modules on their name. Commenced the processing of Quasi-Mono wafers.

2014-15

Installed a new texturising line to convert to the manufacture of price-advantageous multi-crystalline solar cells. Installed capacity increased to 180 MWp.

2015-16

Installed new process machines in the cell line for efficiency optimisation. Cell efficiency increased to 18.30% average. Commenced trials for 4BB cells

2016-17

Installed a new printing line with a higher throughput along with PECVD, Diffusion and Inox machines. Capacity increased to 240MWp.

2017-18

Installed a new state-of-the-art cell printing line and started production of the 5BB cell. Existing module line was converted to a high-tech fully automatic 250 MW module line. Following the installation of a 120 KWp solar power facility connected to the grid in April, 2017, the Company generated more than 1,00,000 units in a year (corresponding to CO_2 emission reduction of 97,659 kgs)

2018-19

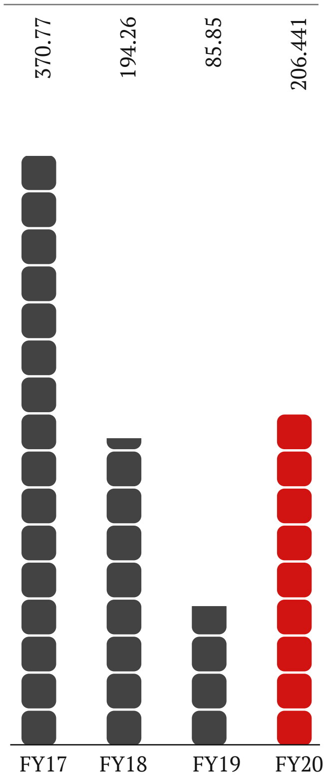
Consolidated capacity, tuned machines and processes helped achieve the highest cell and module efficiency. Reduced process chemicals and use of advanced materials like paste and screens. Operated the new module line with increased throughput, higher product efficiency and quality with lower rejection.

2019-20

Achieved 8% cost reduction in solar cell manufacture through reduction in raw material costs, process improvements, productivity improvement and shopfloor energy savings.

How we performed across the years

Revenues (₹ Crore)



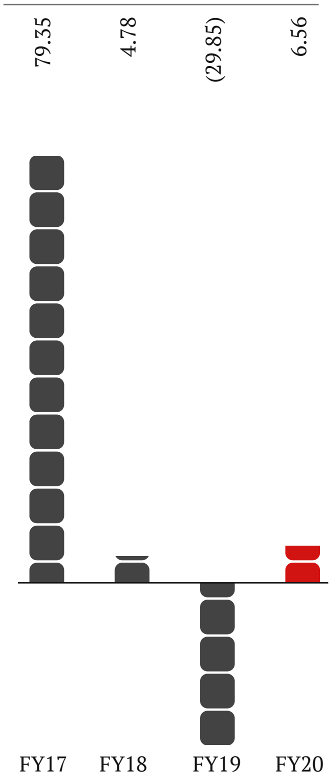
Definition
Growth in sales net of taxes.

Why is this measured?
It highlights the extent of acceptance of the Company's products.

Performance
Aggregate sales increased 140% to ₹206.44 Crore in FY 2019-20 due to increasing demand and improved footprint.

Value impact
Creates a robust growth engine on which to build profits.

Profit after tax (₹ Crore)



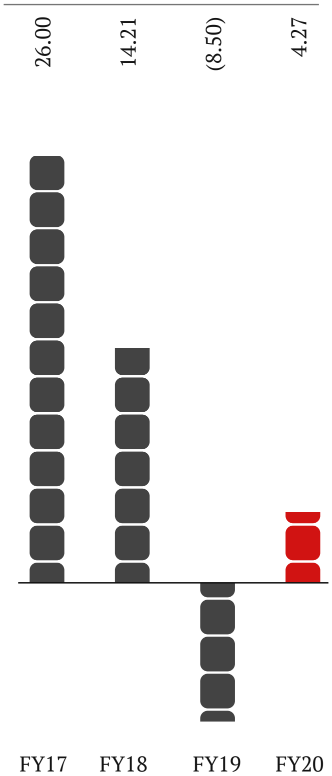
Definition
Profit earned during the year after deducting all expenses and provisions.

Why is this measured?
It highlights the strength in the business model in generating value for its shareholders.

Performance
The Company reported an increase in its profit after tax in FY 2019-20 – reflecting the resilience of the business model in growing shareholder value despite external vagaries.

Value impact
Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain.

EBITDA margin (%)



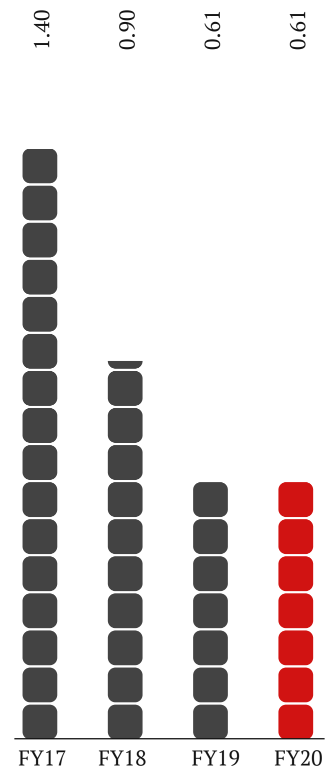
Definition
EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

Why is this measured?
The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale.

Performance
The Company reported a 423 bps increase in EBITDA margin in FY 2019-20 while enriching its portfolio with superior products and improved operating efficiency.

Value impact
Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses.

Debt-equity ratio (x)



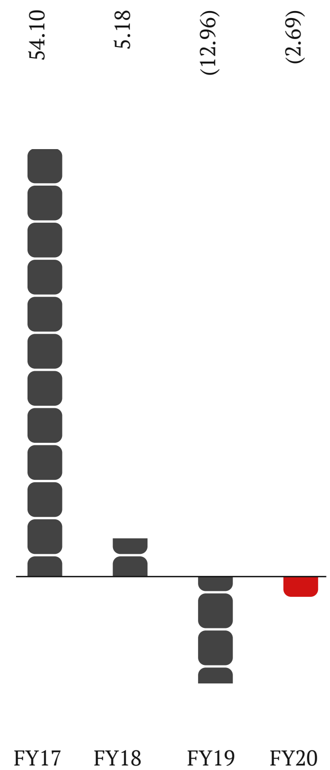
Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why is this measured?
A measure of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers.

Performance
The Company's gearing significantly moderated from 1.40 bps in FY 2016-17 to 0.61 in FY 2019-20.

Value impact
Enhanced shareholder value by keeping the equity side constant; enhanced flexibility in progressively moderating debt cost.

ROCE (%)



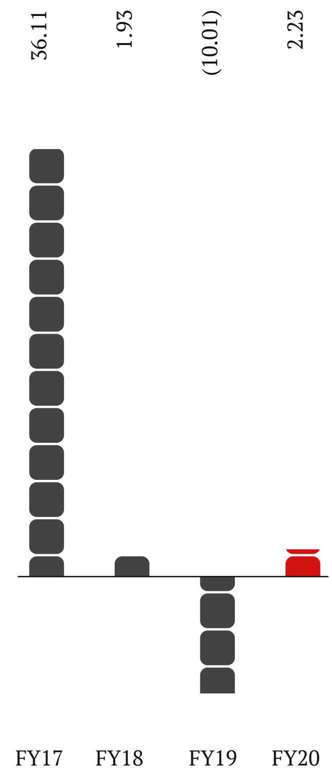
Definition
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why is this measured?
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

Performance
A showcase of prudently investing every rupee in profitable spaces generated better returns.

Value impact
Enhanced ROCE can potentially drive valuations.

Earnings per share (₹)



Definition
It is the portion of a company's profit allocated to each outstanding share of common stock.

Why is this measured?
This figure depicts the actual value the Company has created for its shareholders.

Performance
The Company's EPS has progressively increased from ₹1.93 in FY 2017-18 to ₹2.23 in FY 2019-20.

Value impact
Adds value in the hands of shareholders through enhanced earnings per share.

MANAGING DIRECTOR'S OVERVIEW

Mr. Sohan Lal Agarwal
Managing Director

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

This is a momentous communication to you for more reasons than one.

The occasion marks 25 years since we started the Company in the mid-Nineties; the occasion also marks a turning point for the sustainably better.

When we went into business in a post-liberalisation India, we believed that the world would embrace solar renewable technology with speed. Our optimism was misplaced by nearly two decades for an important reason. During this period, the cost of renewable energy was considerably higher than the cost at which power was generated through the thermal route, making renewable energy investments completely dependent on government projects or subsidised government support. The result is that the sector gravitated towards countries where governments were favourably inclined to invest in a clean future. The reality is that Websol Energy Systems spent a larger part of these 25 years servicing a relatively small global and Indian market where renewable energy investments were influenced by government liberalness and mood. Needless to state, the business model of our Company carried a high political risk and it was entirely possible that robust cell sales to a country in one year could be followed by virtually no orders thereafter. Besides, the business encountered global seasonal cyclicality during five winter months on account of low Northern hemispheric sunshine and snowfall. The bottomline is that we entered the business ahead of the times and our single biggest achievement was that we endured and survived through the years to be able to live and fight today.

The inflection point of our industry transpired a few years ago when the progressive investment of the decades translated into a critical mass of industry capacity that finally resulted in a watershed moment: the cost of power generation through a renewable energy sources declined below the cost of corresponding generation through the thermal route. That crossover moment represented more than mere academic interest: it signaled to the world that progressive investments in renewable energy would not need to be subsidised by governments any longer; they could be funded by the marketplace (read commercial banks, development institutions and shareholders) for reasons of viability and sustainability.

There is every reason to believe that the history of energy stands at an interesting inflection point and not just because of the grid parity achieved by renewable energy. The decisive reason is that there is today a greater consumer willingness to back anything and everything that is environmentally responsible even if it means paying a premium for that product, resource or service. Besides, the 100% of renewable energy is now being positioned as a brand-enhancing promotional tool by companies that could even transform into consumer traction. This demand-side revolution is creating a marketplace incentive for renewable energy companies to invest deeper in their businesses and their ecosystem. Suddenly it is no longer important to be running a clean core business; it is becoming increasingly important to create responsible integrated ecosystems as well. As a result, we believe that large responsible corporations driving the primary level of change will soon translate into the second tertiary wave when smaller companies begin to invest in a renewable way of life and work.

The strength of the global solar energy market was tested and validated during the first half 2020, marked by the pandemic. At a time when global consumer demand began to taper, the

The time is right to deepen investments in additional capacities and capabilities. The patience of the past is likely to be rewarded faster from FY 2020-21 onwards.

global solar market surprised. While virtually every energy market – coal, oil and gas – weakened, the solar energy market surprised analysts by continuing to grow. This indicates that there is a deeper demand curve at play for reasons that are not difficult to decipher: reliable technology, no moving parts, quick to commission, marked by fewer environmental controls and increasingly affordable. This indicates that the global solar market is in a multi-year bull market.

There is another reality that is transforming our world faster than ever. Large nations are enunciating their commitment to graduate from finite energy resources to the infinite. India is a prime example; the country enunciated a target to commission 175 GW of renewable energy capacity by 2022 and 450 GW by 2030. We believe that this is an important commitment because it sets out a national direction: a direction that enunciates that the country will invest more in renewable energy than in the thermal in the days to come. The numbers are telling: in the last seven-plus decades since Independence, the country has grown its power generating capacity to 373.02 GW; in just one decade from this point, India intends to invest more than its consolidated historic power generation capacity through renewable means. There is just one faithful word for this reality and that is 'historic'.

Historic reality

This reality has already begun to unfold. India is the only G20 nation to have met its renewable investment promise of phased renewable energy addition. There is another part of this India renewable energy story that demands attention: the country will not only be one of the largest consumers of renewable energy hardware but by providing timely protection has sent out a signal to Indian entrepreneurs to manufacture within and build a self-reliant nation.

What does this mean for efficient Indian renewable energy equipment manufacturing companies like Websol Energy Systems? This means that the time is right to deepen investments in additional capacities and capabilities. The patience of the past is likely to be rewarded faster from FY 2020-21 onwards. The Company turned its operations around from the third quarter of the last financial year; from June, 2020 there has been a surge in orders, the capacity utilisation of the Company's cell line has strengthened month-on-month; terms of trade have strengthened in the Company's favour and the Company expects to report a quarter-on-quarter consistency in cash flows and surpluses.

During FY 2020-21, our Company will focus on strengthening its business through various initiatives: maximise the utilisation of its 250 MW cell line; activate its 250 MW module line by tying up additional working capital; commission the manufacture of larger (and more efficient) cells and strengthen its product mix towards a high proportion of mono-crystalline cells. We believe that this strategic direction will empower our Company to generate adequate cash flows to reinvest and grow the business faster.

Outlook

I cannot but emphasise that Websol Energy Systems stands at a remarkable moment in its existence: we have no long-term debt on our books, we are globally acceptable for our quality, we are globally competitive when it comes to pricing, we possess global quality certifications and we possess the experience of having survived a number of market cycles.

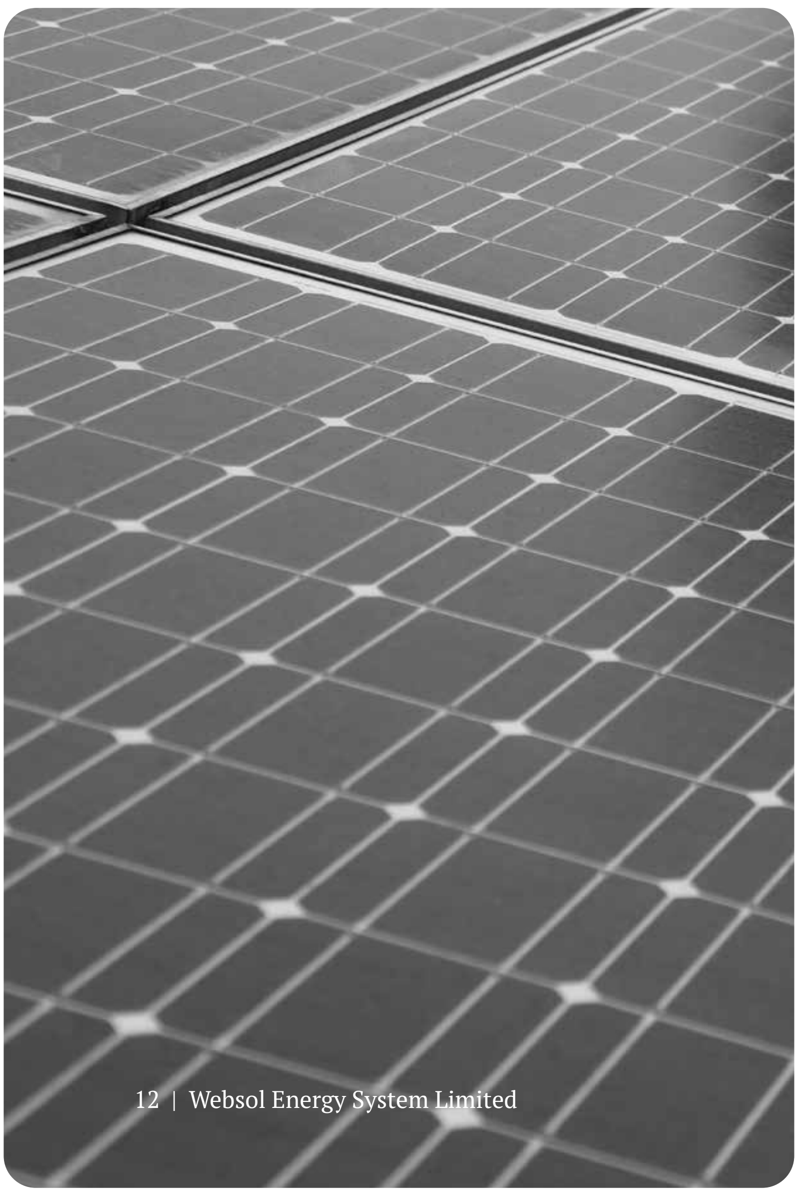
We believe that FY 2020-21 is when we begin to live up to our rich promise, enhancing value in the hands of all those associated with our Company.

Mr. Sohan Lal Agarwal, *Managing Director*


ANTISTATIC


WEBEL
SOLAR

WHAT WAS A 25% PRICING DIFFERENTIAL BETWEEN THE LANDED COST OF CHINESE SOLAR PRODUCTS AND OUR PRICE IS LIKELY TO DECLINE TO NIL DURING FY 2020-21



Q: Were you pleased with the performance of the Company during the year under review?

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

The Company continued to review its operating processes and practices with the objective to identify waste and redundancy. It capped overhead costs through a culture of financial austerity and multi-skilling. By the third quarter of the financial year under review when the strategic outlook was better, operations resumed and this was reflected in a turnaround in operations. The result is that the Company reported a 185.21% increase in revenues from operations and a 1.23% increase in profit after tax during the year under review when compared with the earlier year.

Q: What were some of the positives of the Company's performance?

A: The Company strengthened some of its operational aspects in FY 2020-21. The Company produced 120 MW of solar cells and 90 MW of modules during the year under review when compared with the previous when it produced 30 MW of solar cells and 42 MW of modules. The Company addressed the largest cell order in its existence (54 MW) which was delivered in three months, validating the Company's ability to deliver a quality product with speed. The Company certified its modules as per MNRE; a new 150 MW module line was stabilised and there was an increase in multi-crystalline efficiency by 20 bps to 18.8% while the Company raised its mono-crystalline efficiency on the old machines by 200 bps to 20%. Correspondingly, there was an improvement in mono-crystalline output to 4.9 watts and multi-crystalline cell output to 4.5 watts, a record in the country. Among the other improvements, the Company controlled the AG paste consumption, increased production throughout following superior machine tuning and moderated rejection by 200 bps. Besides, the Company achieved its output target with 10% less people, strengthening resource productivity. The Company also moderated its power cost by approximately ten per cent during the year across a higher production, strengthening profitability.

Q: How does the Company intend to address the evolving marketplace environment?

A: During the last year, the Company widened and deepened its marketing footprint. From a time when the Company serviced the needs of three large corporate customers, the Company has widened its presence across Chhattisgarh, Uttar Pradesh, Rajasthan and Gujarat, increasing the number of active customers to around 15. The Company's product mix during the year under review comprised 100% multi-crystalline cells which entailed a lower conversion loss to the module stage.

However, during the current year, the Company intends to shift half its output to PERC cells where the efficiency improvement could range from 50 bps to 200 bps based on the nature of the product. We believe that this wider product mix will enhance our respect as a cutting-edge technology-driven company at a time when China is already moving towards PERC technology. Websol will continue to be relevant as there is a large appetite for multi-crystalline cells in India while enhancing its presence in the PERC segment.

Q: What is likely to be the technology outlook for the Company in FY 2020-21?

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

Q: How is the Company's Balance Sheet prepared to address the prospective growth?

A: The expansions and technology upgradations of the last few years were carried out largely from accruals. The Company did not have any long-term debt on its books except for. Going ahead, there is a room for another 150 MW cell line expansion – within the same infrastructure, which should enhance our competitiveness when this expansion is carried out in FY 2021-22. The absence of a direct interest outflow is likely to have a positive impact on margins in the face of a higher turnover, strengthening value in the hands of those who hold shares in our Company.

WHAT WE ARE PROUD OF HAVING ACHIEVED IN 25 YEARS

Achievements

Websol is among five leading solar cell and module manufacturers in India.

The Company's products are at par with global standards.

The Company enhanced cell efficiency from 11.5% in 1995 to 18.8% in 2020, among the highest in India.

"We scaled our business from 1 MW of solar cell capacity to 250 MW today, strengthening our relevance and making ourselves opportunity-ready for the inflection point as has emerged today."
S Vasanthi, *Technical Director*

"The fact that the Company has survived a quarter of a century and is still in business even as a number of its competitors have closed is a testimony to its business commitment."
Modaswar Hossain, *Senior Manager – Human Resources and Admin*

"The one big achievement of the Company is that in a space with a premium on technology, the Company has established a respect for a high quality standard on the one hand and a quality consistency on the other. When people buy from Websol, they buy with a peace of mind."
Anupam Sharma, *General Manager – Quality and Process*

"Websol is among the most competitive solar cell and module manufacturers in India."
Nirmal Kumar, *General Manager – Plant*

"Websol's success is reflected in the fact that it has helped create an ecosystem of 350 trained workers in a nascent sector and in a region with no exposure to solar technologies."
Modaswar Hossain, *Senior Manager – Human Resources and Admin*

"Websol's big achievement has been its ability to graduate from one technology to another without sizable capital expenditure, showcasing its deep understanding of industry realities."
Sanjay Urpeti, *Deputy General Manager – Cell Line Maintenance*

“At Websol, we check each cell for efficiency before it is dispatched to a customer.”
Anupam Sharma, *General Manager – Process and Quality*

“Websol is among the most informed players in India’s solar equipment sector, a position derived from its engagement with a range of players the world over and its ability to absorb their knowledge with the objective to make technology improvements.”
C J Sukh, *Director – Marketing*

“Websol has survived and succeeded on account of its futuristic orientation: the Company’s strategic planning is generally benchmarked in line with how the market is likely to evolve a year into the future.”
S D Mallick *Head- Production Planning and Procurement*

“Websol has endured across time because it selected to invest in different technologies – a more modular and de-risked approach than investing in a composite technology system, empowering the Company with flexibility and responsiveness in the face of evolving technology environments.”
Sumit Kumar Shaw, *Chief Financial Officer*

“Websol invested in cutting-edge module line design with a capacity to use 4”, 5” and 6” cells, an investment directed at long-term business sustainability.”
Tarak Munshi, *Deputy General Manager – Module Line*

“Websol’s plant comprises automated robots with the capacity to delicately handle wafers as thin as 180 microns.”
Sonjoy Pattanayak, *Manager – Cell Line Maintenance*

“Websol is as gutsy survivor – a company that survived a number of market cycles even as a number of its competitors closed down.”
Nirmal Kumar, *General Manager – Engineering*

“When I joined Websol in 2009, it was a small organisation with a deep learning environment where every expansion transpired in front of our eyes. If there is one reason why the Company has survived and succeeded in a high mortality business it is on account of employee commitment. This commitment been founded around organisational empathy: when I encountered a collar bone accident in 2014, the MD and colleagues supported me emotionally and financially.”
Astik Kumar Sahu, *Manager – Module line maintenance*

“The one incident that I would never forget happened at the time when I was an operator in this company. The MD had gone through a successful critical heart operation and the day when he resumed his presence at the factory, even while a bit unwell, he proceeded to explain his heart operation in detail to me. He treated me like a member of his family.”
Anjan Maiti, *Process*

“I joined this company in 1998 and since then manufacturing capacity and automation have increased substantially. What amazes me is that despite a high degree of technology, the essential character of the Company is human: the Company is willing to help in personal problems and share each other’s burden without hesitation.”
Suvhenda Dikshit, *Technician – Maintenance*

“I re-joined this company because its culture facilitated employee development. My most memorable moment was when I installed a new tech printing machine (Maxwell). It made me feel important and that my contribution mattered!”
Arijit Sen, *Senior Engineer*

“In 2017, we would, market products to only four customers; now we market to 12-15 in Gujarat, Chhattisgarh and Uttar Pradesh. When I joined Websol as a DGM in 2017, I went to the MD with the idea of expansion of this company through less manpower and enhanced automation. He welcomed the idea and empowered me. Earlier he would visit the factory every 2-3 days; he comes once every few months which is the sign of a well delegated organisation.”
Nirmal Kumar, *General Manager – Engineering*

"During my initial days, I ran into a problem regarding the materials in the lamination process. My senior sat me down and explained the process in detail instead of lashing out at me. The other memorable moment was when I received the 'Employee of the Year' award from our MD. I started out as an engineer and am now Production Manager, which indicates that hard work does not go unnoticed in the Company."
Balaram Ghosh, *Production Manager*

"Websol is not a company but a school where seniors encourage colleagues to explore and learn. The Company cares about employees, which was validated by safety measures undertaken following the outbreak of the novel coronavirus. All employees were tested and monitored daily; five infected employees had their medical expenses taken care of by the Company."
Utpal Das, *Assistant Production Manager – Module Line*

"This Company is my second family. In other companies, there is a line of command and grievances are often overlooked; in Websol, it is the opposite. If any employee has issues, he or she can directly approach the MD where it is resolved in the blink of an eye."
Saikat Ghosh, *Assistant Quality Manager*

"An unforgettable experience was the surprise birthday planned by my boss and colleagues for me when I was a rookie. Much of this culture comes from MD's humility who consults extensively before a decision."
Souvik Pal, *Quality Engineer*

"This Company is an institution; I can say with certainty that you will not find a single solar company in India that does not have an ex-employee of Websol."
Debnarayan Chatterjee, *Production-in-charge*

"My daughter suffered from a medicinal overdose and lost her memory. I visited a number of hospitals and doctors and as soon as MD sir got to know about my daughter's condition, he arranged for me to consult a specialist. Within a week, my daughter was cured."
Debnarayan Chatterjee, *Production-in-charge*

"Websol ensures that if any woman works till late, she will be personally escorted to her room. Only a family will look after someone like this."
Sreyoshi Mukherjee, *Senior Process Engineer*

---

6 TECHNOLOGICAL TRENDS SHAPING THE FUTURE OF SOLAR POWER

An insight into technologies enhancing the viability of solar energy systems

1
Passivated Emitter and Rear Cell (PERC)

This technology enhances energy conversion efficiency by adding a dielectric passivation layer on the rear of the cell. This layer allows more sunlight to be captured, making PERC cells more efficient than traditional cells. A typical PERC system can produce up to 5% more energy. PERC panels have higher efficiency in low-light environment. They warrant the use of fewer panels, less space and lower installation costs. The global demand for mono PERC module production increased significantly from less than 1 GW in 2014 to 64 GW in 2018 and is expected to reach 168 GW by 2022

2
Bifacial panels

This double-sided technology is different from monofacial solar panels that only use one side for solar energy production. They are more durable since both sides are UV resistant, moderating potential-induced degradation (PID) concerns when the bifacial module is frameless. Besides, Balance of System (BOS) costs are lower when more power can be generated from bifacial modules in a smaller array footprint

3
Trackers

Trackers direct solar panels or modules toward the sun, changing their orientation throughout the day to follow the sun's path to maximise energy capture. In photovoltaic systems, trackers help minimise the angle of incidence (the angle that a ray of light makes with a line perpendicular to the surface) between the incoming light and the panel, which increases energy capture by around a third

4
Topcon/HJT technology

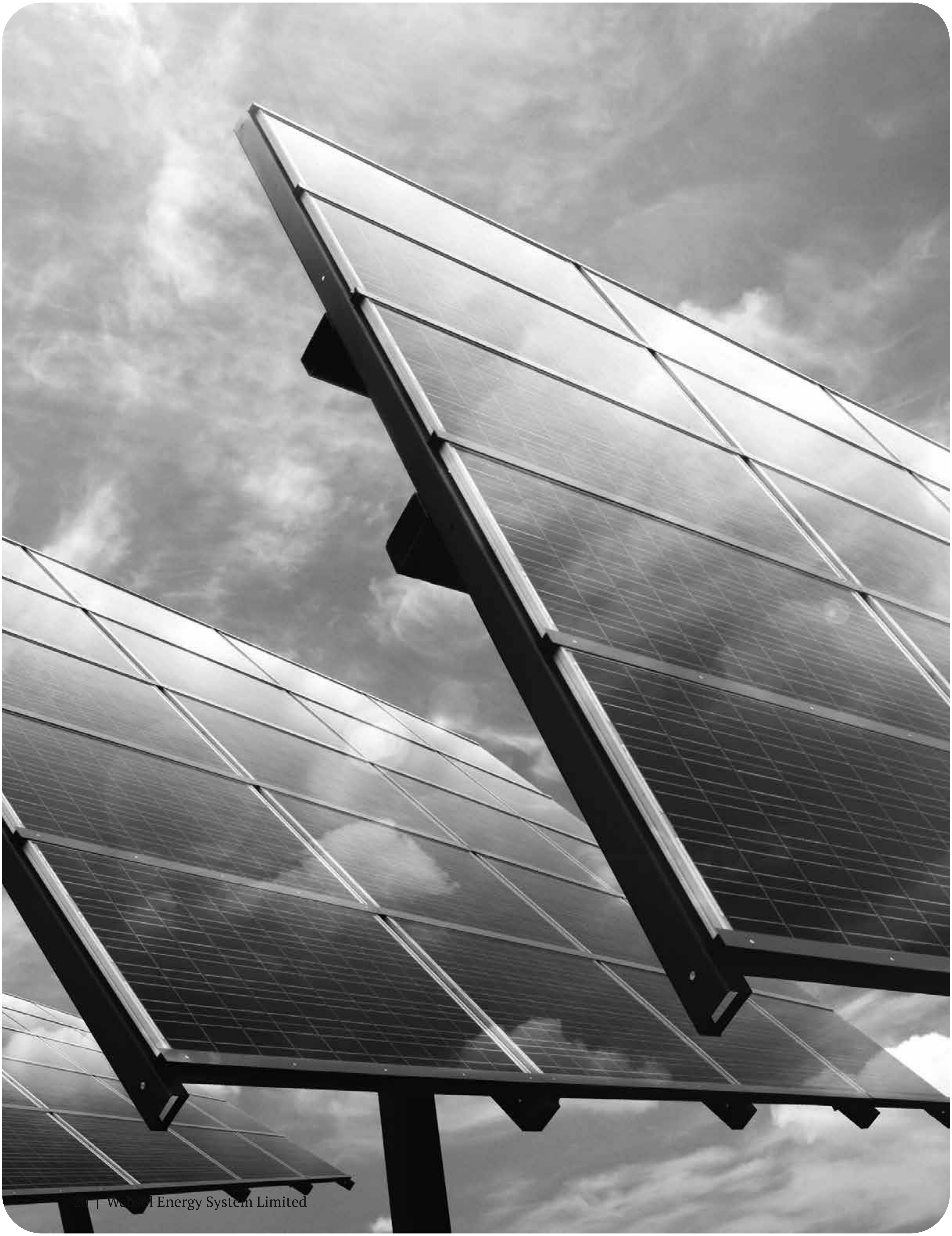
This passivated contact solar cell is touted as the next generation solar cell technology after PERC. This novel architecture was introduced by researchers at Fraunhofer Institute for Solar Energy Systems in Germany in 2013. Compared to the other potential new technologies, such as HJT and IBC, TOPCON can be upgraded from PERC or PERT line. As a result, lower capital investment is needed for existing PERC or PERT manufacturers looking to upgrade their existing production lines. Moreover, a good gain in solar cell efficiency can also be achieved, with 25.3% efficiency achieved by Fraunhofer Institute.

5
Floating solar farms (floatovoltaics)

Photovoltaic panels placed on reservoirs and other water bodies offer greater efficiency without using valuable real estate. Research shows that the power production of floating solar panels is greater by up to 10% due to the cooling effect of water. Floating solar farms prevent noxious algae production, lowering water treatment costs. The water beneath keeps solar panels clean and minimises energy waste

6
Pervoskite solar cells

A type of solar cell that includes a perovskite structured compound, most commonly a hybrid organic-inorganic lead or tin halide-based material, as the light-harvesting active layer. Perovskite materials such as methylammonium lead halides are cheap to produce and relatively simple to manufacture. Perovskites possess intrinsic properties like broad absorption spectrum, fast charge separation, long transport distance of electrons and holes, long carrier separation lifetime, and more, that make them very promising materials for solid-state solar cells. With the potential of achieving even higher efficiencies and very low production costs perovskite solar cells are becoming commercially attractive. Solar cell efficiencies using these materials have increased significantly from 3.8% in 2009 to 25.5% in 2020 in single junction structures.



THE EXCITING POTENTIAL FOR SOLAR ENERGY IN INDIA

India is one of the most attractive solar energy destinations in the world - for some good reasons.

Overview

India is one of the most exciting spaces in the global electricity sector for a number of reasons.

India is a number of countries in one – at one end, it is a sophisticated country with an energy intensity that matches that of the developed west while on the other it is an under-consumed country where millions barely have enough electricity to service their daily needs.

Besides, India is likely to emerge as a rare instance of a mature and large nation where a large slice of its population migrates from virtually no electricity access to renewable energy, leapfrogging over the conventional thermal energy intermediate.

India is an economy of a shade under $ 3 trillion with a per capita electricity consumption that is half the global average, indicating an attractive and sustainable head room.

India is also a country where a social revolution is underway: around 750 million Indians gained access to electricity between 2000 and 2019, reflecting effective policy implementation. As Indians gain access to electricity and clean cooking media, lives are likely to transform faster than ever, creating a ground-level demand for cleaner energy options.

Coverage

About 5,000 trillion kWh per year energy is incident over India's land area with most parts receiving 4-7 kWh per sq. m per day. Theoretically, a small fraction of the total incident solar energy (if captured effectively) can meet the entire country's power requirements. National Institute of Solar Energy has assessed the country's solar potential of about 748 GW assuming 3% of the waste land area to be covered by solar PV modules.

Positive reality

This ground reality has generated attractive macro realities: India avoided 15% of annual energy demand and 300 million tonnes of CO_2 emissions between 2000 and 2018 *(Source: IEA)*. Besides, India's carbon intensity declined around 13% following an increase in the share of renewables and declining utilisation of coal power plants even as total final energy consumption and electricity generation continued to rise. The growth in CO_2 emissions slowed and a decoupling of GDP growth from emissions emerged since 2013. The overall carbon intensity of India's economy puts India as the eighth highest in a comparison with IEA member countries. The optimism comes from these realities: in spite of the high carbon intensity of the energy supply, India has a comparatively lower level of energy use per capita. India's per capita CO_2 emissions are therefore

India achieved 5th global position in solar power deployment, surpassing Italy

lower than any IEA member and Association country by a large margin, less than half of Mexico's and less than one tenth of Australia's.

Unprecedented speed

In India, the needle appears to be shifting towards renewable energy with unprecedented speed. IEA indicates that in 2018, India's investment in solar PV was larger than in all fossil fuel sources of electricity generation combined. What excites analysts is not what is transpiring at the moment but the sustainability of this trend, given that solar, wind and hydro energy accounted for a cumulative single digit share of India's electricity production.

Optimistic outlook

The outlook appears as compelling. India's energy demand could double by 2040, with electricity demand potentially trebling in line with increased incomes and life quality. This has a clear implication: without significant energy efficiency improvements, India will need to add large power generation capacity. There is an even bigger reality: this increase cannot be derived from conventional, thermal sources and will need a large complement of renewable alternatives.

One figure appears illustrative: By enhancing its energy-efficiency, India could save US$ 190 billion per year in energy imports by 2040 and eliminate electricity generation of 875 terawatt hours per year, which would be almost half of India's current annual power generation.

This is the recent past; it is the outlook that appears compelling. The Indian government embarked on an ambitious policy to increase the use of renewable electricity with a target of 175 GW capacity by 2022. India has targeted a share of non-fossil-based capacity in its electricity mix to more than 40% by 2030 and a reduction in the emissions intensity of its GDP of 33-35% by 2030 over 2005 (even as the government raised its renewables capacity target to 450 GW by 2030).

National policy direction

A National Action Plan on Climate Change (NAPCC) was adopted in 2008 with the aim of driving measures that promote India's developmental objectives while addressing climate change as a co-benefit. This objective was to be implemented through eight national missions covering mitigation as well as adaptation efforts, with the energy sector being instrumental in delivering upon their objectives.

The eight national missions comprise:

- National Solar Mission
- National Mission for Enhanced Energy Efficiency
- National Mission on Sustainable Habitat
- National Water Mission
- National Mission for Sustaining the Himalayan Ecosystem
- National Mission for a Green India
- National Mission for Sustainable Agriculture
- National Mission on Strategic Knowledge for Climate Change.

The funding

India has implemented a marketplace mechanism to finance a part of its renewable energy aspirations. The nationwide Clean Energy Tax on coal (or coal cess) was adopted in 2010, being levied on coal production and imports. The tax was initially set at ₹50 (US$ 0.72) per tonne of domestic and imported coal, was quadrupled to ₹200 (US$ 2.88) per tonne of coal in 2015 and doubled again to ₹400 (US$ 5.75) per tonne in 2016.

The revenue was initially allocated to the National Clean Energy and Environment Fund (NCEEF) to invest in clean energy projects and technologies. A total of US$ 4.2 billion were accrued in the NCEEF until it was subsumed under the Goods and Services Tax (GST) reform, which aims to bring several direct and indirect taxes under the federal GST.

Solar power capacity has increased by more than 11 times in the last five years from 2.6 GW in March, 2014 to 30 GW in July, 2019

Catalysts

The solar energy leaders in India comprise states like Rajasthan, Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Uttar Pradesh and Punjab. These states comprise more than 90% of the country's installed solar capacity and solar generation.

Over the decades, India built out its interstate transmission system and since 31st December, 2013 it has operated a single synchronously operated grid. The Green Energy Corridors plan shows that transmission lines can be built in two to three years following the competitive bidding process. Interconnectivity across regions has increased sharply in India - it has added an average of 21,000 circuit kms of transmission lines (220 kV and above) every year since 2012. The total amount of capacity added over the past seven years is equivalent to the entire high-voltage grid of Germany.

The other catalysts to the renewable energy movement comprises the increased preference for electric vehicles, subsidies for the purchase of electric vehicles, improvements in battery storage technologies and policies (India Smart Grid Forum and India Energy Storage Alliance draft Energy Storage System Roadmap for India, 2019-32).

The outlook for solar energy appears optimistic also because most parts of India receive good solar radiation of 4- 7 kWh/sq. m/day. In the solar energy sector, some large projects have been proposed, and a 35,000 km2 (14,000 sq mi) area of the Thar Desert has been set aside for solar power projects, sufficient to generate 700 to 2,100 GW, which is considerably higher than the country's existing electricity consumption. As per another estimate, India's electricity needs can be met on a total land area of 3000 km^2, which is equal to 0.1% of total land in the country.

Targets

The Mission targets installing 100 GW grid-connected solar power plants by 2022. This is line with India's Intended Nationally Determined Contributions(INDCs) target to achieve about 40% cumulative electric power installed capacity from non-fossil fuel based energy resources and reduce the emission intensity of its GDP by 33 to 35% from 2005 level by 2030.

Websol's enduring business model

Sectoral relevance

India's locational advantage: India is a tropical country that receives solar radiation throughout the year. It receives an average of 3,000 hours of sunshine per year, which equals to >5,000 trillion kWh, validating its geographical advantage.

Governmental target: The Government plans to install 100 GW of grid-connected solar power plants by 2022. India's Intended Nationally Determined Contributions (INDCs) has targeted to achieve about 40% cumulative installed electric power capacity from non-fossil fuel based energy resources and reduce the emission intensity of its GDP to 35% by 2030.

FDI inflow: India received FDI inflow of US$ 9.22 billion between April, 2000 and March, 2020 in the renewable energy sector. India ranked seventh on the EY Renewable Energy Country Attractive Index 2020.

Policy support: Favourable projects like UDAY Scheme, Government Yojana Solar Energy Subsidy Scheme, Solar Park Scheme, Rooftop Scheme, among others are expected to strengthen the sector.

Projects implementation: Solar and wind energy projects of over 21,142 Megawatt (MW) are under construction in India over and above the 88,000 MW already installed generation capacity based on the two clean resources. The government tendered projects with 31,500 MW capacity of which 23,246 MW capacity projects were awarded to developers. These projects were tendered under programmes such as the Solar Energy Corporation of India's 2-GW ISTS-connected scheme, 750 MW Rajasthan projects, 150 MW grid-connected floating solar PV plants, 750 MW Kadapa solar park project, the CPSU scheme's tranche-I of 2 GW and tranche-II of 1,500 MW, and nine tranches of SECI's wind schemes.

The Company's response

Brand equity: Over 25 years, Websol has carved out a distinctive recall for responsiveness, flexibility and quality

Production scale: The Company scaled production capacity at Falta to 250 MW solar cells and 250 MW solar modules, which represent reasonable economies of scale

Market presence: The Company has exported cells and modules to 11 countries in the past.

Value-addition: The Company extended from the manufacture of solar cells to the manufacture of modules, a value-addition, at its state-of-the-art manufacturing facility in Falta

Cutting-edge technology: The Company possesses the capability to manufacture multi-crystalline and mono-crystalline solar cells; besides, it possess the capability to scale cells size from 156x156 mm to 161x161 mm.

Outcomes of Websol's business model

Identity: The Company is recognised among the three leading solar cell and module manufacturers in India

Sustainability: The Company had only ₹39.80 Crore of debt on its books against a net worth of ₹127.11 Crore as on 31st March, 2020.

Funding: The Company expanded in business development out of accruals during the year under review.

Management Discussion and Analysis

Global economic review

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The 'Great Lockdown', as a result of the pandemic COVID-19, is projected to shrink global growth in 2020.

(Source: World Economic Outlook, April, 2020, CNN, Economic Times, trading economics, Statista, CNBC)

Global growth

	World Output	Advanced Economies	Developing and emerging
2015	**3.5**	**2.3**	**4.3**
2016	**3.4**	**1.7**	**4.6**
2017	**3.9**	**2.5**	**4.8**
2018	**3.6**	**2.2**	**4.5**
2019	**2.9**	**1.7**	**3.7**

(Source: IMF)

Indian economic review

India's growth for FY 2019-20 was 4.2% compared with 6.1% in the previous year. India emerged as the fifth-largest global economy in 2019 with a gross domestic product (GDP) of $2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking. There was a decline in consumer spending that affected India's GDP growth during the year under review. During the last week of the financial year under review, the national lockdown affected freight traffic, consumer offtake and a range of economic activities.

Y-o-Y growth of the Indian economy

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Real GDP growth (%)	**8.3**	**7**	**6.1**	**4.2**

Key government initiatives, FY 2019-20

National infrastructure pipeline: To achieve a GDP of US$ 5 trillion by 2025, the government announced a National Infrastructure Policy entailing an investment of ₹102 trillion in five years.

Corporate tax relief: The government moderated the corporate tax rate to 22% from 25%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the global average statutory CIT of 23.03%.

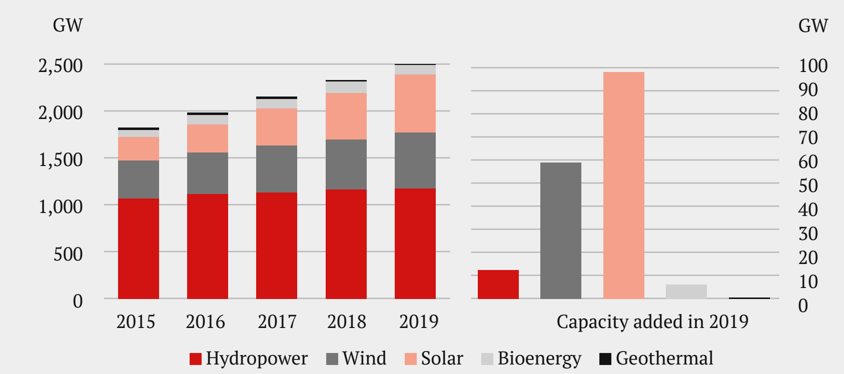
Global renewable energy sector overview

The renewable generation capacity across the world increased by 176 Gigawatt (GW) in 2019, a rise of 7.4%, with solar energy accounting for the largest share (98 GW). Solar energy continued to lead capacity expansion, with an increase of 20%, followed by wind energy (59 GW). Solar and wind energy accounted for 90% of all net renewable additions in 2019. The global renewable generation capacity amounted to 2,537 GW by the close of the year. Wind and solar energy capacities stood at 623 GW and 586 GW respectively.

Asia continued its dominance in the global solar capacity expansion with a rise of 56 GW (about 60% of the total in 2019), which was lower than in 2018. Most of the new capacity added in 2019 was in China, India, Japan, Republic of Korea and Vietnam.

(Source: IRENA, Economic Times)

Renewable power capacity growth



India's renewable energy sector overview

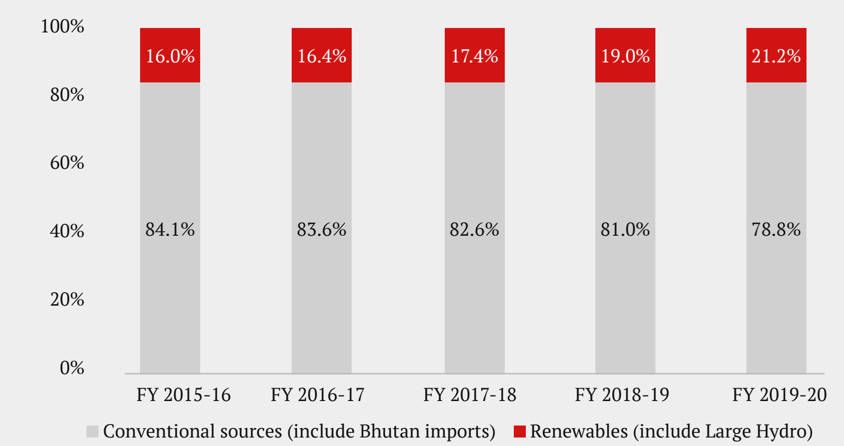
Power generation from renewable energy sources in India amounted to 127.01 billion units (BU) in FY 2019-20. India's renewable capacity installations reached 86.31 Gigawatts (GW) as of 29th February, 2020. Wind energy was the biggest contributor in the total renewable energy mix with a share of 44% followed by solar with 39% share. The renewable sector added more new capacity than conventional energy sector in FY 2019-20 for the third year in a row, clean energy accounting for close to one-fourth of the total installed energy capacity in the country.

Some 8,711 MW of total new capacity was added in the renewable energy sector in FY 2019-20 compared to 8,532 MW in FY 2018-19, accounting for 74% of the target (11,802 MW) for FY 2019-20. Renewable energy accounted for 21.2% against 78.8% generated from conventional sources, (including electricity imported from Bhutan).

Even though the Indian power sector continues to be dominated by conventional sources of energy, which accounts for nearly three-quarters of the country's installed power generation capacity, there has been a progressive shift towards renewable sources. In the last five years, the share of renewable energy (wind, solar, bio-power and small hydro) in installed capacity reported a rise from 11.8% (32 GW in March, 2015) to 23.5% (87 GW in March, 2020). Renewable energy is estimated to account for 55% of India's total installed power capacity by 2030.

(Source: MNRE, IBEF, Hindu Business Line, Mercom India)

Conventional vs renewables: electricity generation (%)



Data from CEA Source: Mercon India Research

Solar energy sector overview

Solar thermal electricity technologies produce electric power by converting the sun's energy into high-temperature heat using various mirror configurations, which is then channeled to an on-site power plant and used to make electricity through traditional heat-conversion technologies. The plant essentially comprises two parts; one that collects solar energy and converts it to heat, and another that converts the heat energy to electricity.

A solar cell is a semiconductor device that transforms sunlight into electricity. Semiconductor material is placed between two electrodes. When sunshine reaches the cell, free negatively charged electrons are discharged from the material, enabling conversion to electricity. This is the so-called photovoltaic effect. In theory, a solar cell made from one semiconductor material only can convert ~30% of the solar radiation energy it is exposed to into electricity. Commercial cells, depending on technology, have an efficiency of 5 to 12% for thin films and 13 to 21% for crystalline silicon-based cells. Efficiencies up to 25% have been reached by the use of laboratory processes. By using multiple solar cells, efficiencies above 35% have been achieved.

Global solar energy sector overview

As of 31st December, 2019, solar energy accounted for 23% share of the world's total renewable energy. Solar installations, including Photo-voltaic (PV) and concentrated solar power (CSP), accounted for a cumulative installed capacity of 586.4 GW of which CSP represented 6.27 GW of the total while grid-connected PV accounted for 580.1 GW with new capacity adding 97.1 GW.

Asia accounted for the largest share of PV capacity in the world with 330.1 GW of cumulative installed capacity out of which 56 GW was added in 2019. China owns the largest share in the market with 205.7 GW of cumulative installations, followed by Japan (61.8 GW), India (34.8 GW) and South Korea (10.5 GW). *(Source: IRENA, PV Magazine)*

Indian solar energy sector overview

As of 31st December, 2019, cumulative solar installations in the country amounted to around 35.6 GW with an addition of 7 GW in CY 2019. This means that 9.6% share of India's total installed power capacity comprises solar power. Solar capacity increased from around 2.6 GW to more than 34 GW in 5.5 years. The country's total installed power capacity stood at about 371 GW as of 31st December, 2019. Of this, renewable energy (including large hydro) accounted for about 133.2 GW, with an 8.5% increase from 122.8 GW the previous year.

Solar energy accounted for about 26.7% of all renewable energy in the country. In comparison to 2018, solar power roughly contributed 27.9 GW of the total installed power generation or 7.9% of the overall power capacity.

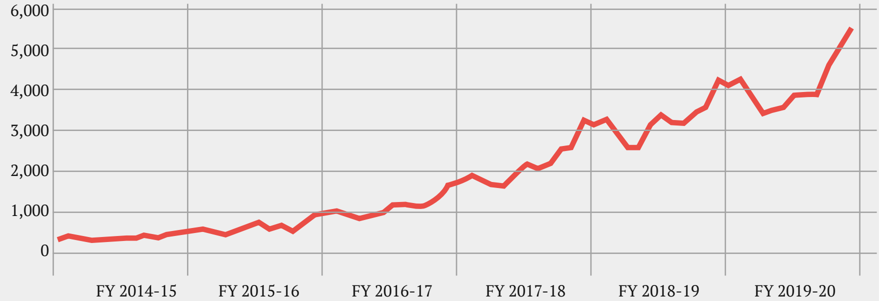
Solar-generated electricity accounted for 50.1 billion units (BU) in FY 2019-20, a growth of 28% year-over-year (YoY) compared to FY 2018-19, where the total solar energy generated was 39.3 billion units. However, this increase was the lowest in six years.

In the Q4 of FY 2019-20, solar power generation reached a high of 15.3 BUs compared to 11.4 BUs in the Q4 of the previous financial year representing a 33% increase compared to the latter. The solar power generation in March, 2020 was 5.6 BUs compared to 4.3 BUs in March, 2019. During January and February, 2020, solar generation was 4.6 BUs and 5 BUs, respectively.

The electricity generated from solar energy in FY 2019-20 accounted for 3.6% of total electricity generation compared to 2.85% in FY 2018-19, 1.98% in FY 2017-18 and just over 1% in FY 2016-17. Even though solar has been the most installed new power generation source over the past three years, in terms of generation, its contribution in comparison to coal is still small.

India is the only country among G20 nations which is on track to meet what it had committed in 2015 under the Paris Agreement. India's strive towards solar power was also hailed by the British Prime Minister Boris Johnson in his address to the Climate Ambition Summit in December, 2020, which marked the fifth anniversary of the Paris Agreement. He believes that India has made significant progress in the solar energy sector and is leading by example.

India: solar electricity generation by month (in MU)



Data from CEA Source: Mercon India Research

Global solar photovoltaic sector

The global solar photovoltaics (PV) market had a banner year in 2019, with approximately 120 gigawatts (GW) installed, about 15% growth year-over-year. In 2019, China was the largest solar market, with approximately 30 GW installed, followed by the United States and India. Japan was fourth on the list. The top five markets collectively accounted for 57% of the solar PV capacity installed in 2019. Close to 20 countries added a GW or more in 2019 pointing to a growing trend of robust mid and small markets as PV has become cheaper than fossil fuels in many parts of the world. China, the United States, Japan, Germany, and India collectively accounted for almost 70% of global cumulative solar PV installed capacity in 2019.

The top 10 developers' operational projects are relatively small when you consider installations of approximately 120 GW in 2019 and over 600 GW of cumulative PV installations. This reflects the fragmented nature of the market, where local and single-market developers make up the majority of activity.

For the top 10 global solar developers, the Asia-Pacific (APAC) region made up 52.4% of developers' capacity, followed by the Americas at 42.1% and Europe, the Middle East and Africa (EMEA) at 5.5%. In contrast, when compared with the number of projects, the largest number of solar projects by top developers are in EMEA, with 41.6%, followed by the APAC at 29.9%, and Americas at 28.4%.

Growth drivers

Exponential economic growth: India became one of the fastest-growing economies during the financial period between 2015-2018 ever since economic growth has started accelerating along with the demand for clean power and government support.

Government commitments and regulations: The Indian government seeks to achieve 175 GW of renewable energy capacity by 2022 and 450 GW by 2030. The government is also making efforts to achieve 40% of its power installed capacity from natural resources and reduce its emissions intensity of its GDP by 33-35% by 2030.

Rising urbanisation: India's population is expected to increase from around 1.37 billion presently to 1.52 billion by 2036. This increase in population is expected to enhance urbanisation and increase the demand for cleaner energy.

Climate change: In the last 119 years, 2019 was the seventh hottest year with 11 of the 15 hottest years occurring in the last 15 years. The increase in temperatures is expected to increase the utilisation of solar energy.

Depletion of non-renewable resources: Excessive depletion of non-renewable resources has been paving way for renewable and clean energy like solar energy for better environment and economical purposes.

Grid parity: The world has achieved grid parity, indicating that alternative energy source can generate power at a cost equivalent or less than that of the price of power from the electricity grid. In recent power auctions, bidders bid down to ₹2 a unit for solar energy, enhancing its attractiveness.

Storage: Storage-plus solar options ensure round-the-clock power access. For e-vehicles, affordable and indigenous batteries can reduce the battery cost from the current 50%+ of the car's price, thus creating the needed traction in India's e-vehicle sales. Storage requirements for solar are estimated to rise over 3-fold from 50 MWh in 2019 to 175 MWh by 2022. With the country reaching only halfway in its target of 175 GW of renewable energy capacity by 2022 (which includes 100 GW of solar), storage solutions will hold the key to bringing solar energy to scale.

Indian government initiatives

Jawaharlal Nehru National Solar Mission: Launched in 2010, the government initiated the Jawaharlal Nehru National Solar Mission (JNNSM), which seeks to promote ecologically sustainable growth while addressing India's energy security challenge. In June, 2015, India's Prime Minister Narendra Modi approved setting up the country's solar power capacity target of 100 GW under the JNNSM by 2022. Various incentives such as zero import duty on capital investments and raw materials and low-interest rates and priority lending sector have been set up for 2022 under this mission.

Green energy corridor: India received ₹75.26 billion (US$ 1.05 billion) of a soft loan from the German Development Bank for the purpose of implementing the green corridor projects. The aim is to improve the sector framework and conditions for grid integration of renewable energies with conventional power grids. This loan is expected to fund 40% of intrastate and 70% of interstate transmission schemes.

Ujwal DISCOM Assurance Yojana (UDAY): This scheme was introduced to improve financial health of DISCOMs and revive power demand. The main focus of this scheme is to ensure sustainability of distribution companies including operational improvement such as AT&C loss reduction. The support for this scheme was estimated at ₹25,913 Crore.

Import tariffs: The Indian government plans to impose new tariffs on the import of solar cells and modules starting from 1st April, 2022. It will impose a basic customs duty of ~40% on modules and ~25% on solar cells as a part of the Atmanirbhar strategy. This move is expected to catalyse domestic production and enable India to play a larger role in the global supply chain.

Integrated Energy Policy: This integrated policy recommends focus mainly on renewable energy development and sets specific targets for capacity addition.

National Smart Grid Mission: The focus of this mission is to demonstrate smart grid capabilities via a range of initiatives and pilot projects. Total outlay of this mission under 12th Five

90 GW of new solar capacity is expected to be added between 2019 and 2023. Apart from PV deployment, there are opportunities for investments in grid related projects and modernisation metering infrastructure.

Year Plan is around ₹980 Crore out of which ₹890 Crore is allotted to smart grid development and ₹27 Crore for micro grid development.

Budgetary allocations

- ₹2516 Crore out of the Union Budget for FY 2020-21 was allocated for solar power sector including grid interactive and off-grid projects.
- The government reinforced the PM-KUSUM Program with 2 million off-grid and 1.5 million on-grid solar pumps.
- ₹2,150 Crore was allotted for grid-interactive solar power projects which accounts for 50.57% of the total budgetary allocation of ₹4,350 Crore for renewable energy projects connected to the grid.
- Central Financial Assistance was provided for capacity addition of 7,500 megawatt of solar power in FY 2020-21.

(Source: Mercom India, Economic Times)

Opportunities

- 90 GW of new solar capacity is expected to be added between 2019 and 2023. Apart from PV deployment, there are opportunities for investments in grid related projects and modernisation metering infrastructure.
- Shifting from the regular and simple tenders to Hybrid, Peak-Power and Round-The-Clock bids is completely the proper directional approach. Success of the initial bids has ensured that such tenders shall be the next growth frontier. The holy grail of firm, schedulable and dispatchable power available at attractive tariffs shall, then, be achieved and Solar shall play a key role in it. Merchant power sales could also unleash exponential growth.

(Source: EQMagPro, PV Magazine India)

Challenges

- The COVID-19 pandemic brought economies to a halt, which enhanced uncertainty for the solar industry in India seeking to reach 100 GW in capacity by 2022.
- A logical premise is that signatories to an agreement would fulfil their Condition Precedents and Subsequents in a time-bound fashion, maintaining the sanctity of the contract and creating a mutual beneficial situation for everybody. Payment delays and tariff renegotiation could pose challenges.
- Streamlining the land acquisition process and refining the payment security mechanism are other challenges. Solutions to these will allow the power producers in the Company to operate in a relatively risk-free environment and this would trigger a massive scale growth.
- There is a need to provide 'priority sector' status to the clean energy domain uncoupling it from traditional power sector limitations.
- Ease of financing could enhance tariff discovery.

(Source: EQMagPro, PV Magazine India, Orfonline)

Company overview

Websol Energy System Limited has been engaged in the manufacture of photovoltaic crystalline solar cells and related modules. The Company's facility is located in Falta SEZ, Sector II, Falta, West Bengal. The Company's products are used in commercial and industrial establishments in India and abroad. The Company's manufacturing capacity comprises 250 MW of cells and a 250 MW fully automated module line.

Financial analysis

The Company reported revenue from operations of ₹195 Crore on a consolidated basis during FY 2019-20, compared to ₹68.56 Crore during FY 2018-19. Operating EBITDA on a consolidated basis stood at ₹8.83 Crore for FY 2019-20 compared to ₹(7.28) Crore for FY 2018-19. Depreciation and interest for the current year stood at ₹15.46 Crore and ₹6.19 Crore respectively.

Risk management

Raw material risk	Any increase in raw materials cost could impact demand for solar photovoltaic products and affect prospects.	**Mitigation:** The manufacturing cost of solar photovoltaic cells in particular related to solar-grade silicon wafers and other raw materials constitutes 70% of the Company's manufacturing costs. The Company cushioned the risk of raw material inflation through back-to-back sales agreements that protected its from resource volatility.
Customer concentration risk	An excessive concentration of revenues from a particular customer could affect margins.	**Mitigation:** The Indian Government's growing focus on indigenous procurement has increased the number of domestic manufacturers of renewable energy systems. Besides, the increasing use of solar energy has made India one of the most attractive markets in the world, widening the customer concentration risk.
Competition risk	Growing competition could have an adverse impact on profitability.	**Mitigation:** The Company's product certifications and strong relationships lead to sustainable offtake. The Company is ranked as one of the largest and most competitive solar photovoltaic manufacturers in India with a cost of production among the lowest across all Indian PV manufacturers.
Demand risk	A decline in demand could moderate returns on investment.	**Mitigation:** India is expected to retain its position as one of the fastest growing renewable energy countries – an estimated 175 GW capacity from renewable energy by 2022 and an estimated 450 MW by 2030. This is likely to translate into one of the lowest power costs in the world, widening the market for renewable energy and strengthening demand.
Technology risk	Technologies could become obsolete with speed, affecting financial performance.	**Mitigation:** The core technology in the solar energy sector has been relatively stable. Newer technology is mostly an add-on to the core technology. The Company has widened its technology platform through an extension from multicrystalline technology to monocrystalline and towards the manufacture of relatively large solar cells. The Company strengthened the performance efficiency of its cells to enhance project viability for its customers.
Funding risk	The Company may not be able to fund its growing business and expansion needs in a cost-effective manner.	**Mitigation:** The Company moderated its debt-equity ratio from 1.40 in FY 2016-17 to 0.61 in FY 2019-20.

Director's Report

Dear members

Your Directors hereby submits the thirty annual report of the business and operations of your Company along with the audited financial statements, for the financial year ended 31st March, 2020

FINANCIAL RESULTS

(₹ In Lakh)

Particulars	Year 2019-20	Year 2018-19
Revenue from operations	19,554.17	6,855.84
Other Income	1,089.92	1,728.65
Total Revenue	20,644.09	8,584.49
Profit / (Loss) before interest, depreciation, taxes and exceptional items	1,609.17	(728.69)
Less: Interest	619.11	611.43
Less: Depreciation	1,546.89	1,549.35
Profit / (Loss) before exceptional Items	(556.83)	(2,889.47)
Less: Exceptional Items & Income tax & other Provisions	(1,212.81)	5.08
Profit / (Loss) after Tax	655.98	(2,894.55)

OPERATIONS

During the year under review, your Company could not utilise 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 2020-21. We are hopeful that support from GOI will be continuing to green energy.

Your Company reported revenue from operations of ₹19,554.17 Lakh against ₹6,855.84 Lakh during the last financial year. The Company incurred a profit of ₹655.98 Lakh after providing ₹1,546.89 Lakh towards depreciation and ₹619.11 Lakh towards interest during the current financial year as compared to a loss of ₹2,894.55 Lakh in the last financial year.

DIVIDEND

Your directors have not recommended any dividend for the year ended 31st March, 2020, 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 was ratified by shareholders in the 29th AGM of the Company held on 30th September, 2019.

Mr. Devan Kaushik who has been appointed on 11.02.2015 as Independent Director in the Company for five years has offered himself for re-appointment for a second term of five consecutive years from the conclusion of the 30th Annual General Meeting of the Company upto the Annual General Meeting to be held in the calendar year 2025.

Mrs. Sima Jhunjhunwala resigned on 11.02.2020 as a Whole Time Director in the Company.

Mr. Vishal Vithlani was appointed on 07.01.2020 as a Nominee Director in the Company.

b) No. of Meetings of the Board:

Seven meetings of the Board were held during the year ended 31st March, 2020.

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.

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 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 AGM has been done away with by the Companies (Amendment) Act, 2017 with effect from 7th May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

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

<u>Clarification/explanation on remarks in Independent Auditors' Report</u>

a. In Annexure A 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 not carried out due to Covid pandemic. However, the management will review the same.

b. As regards delay in payment of undisputed statutory dues mentioned in Annexure A 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 2019-20 have since been paid. Since the cash inflows of the Company are becoming better, the Company is endeavouring 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, 2020. 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 Jhunjhunwala, Chief Financial Officer (Resigned from Whole Time Directorship on 11th February, 2020) and Mrs. Sweta Sarraf (Appointed on 30th November 2020), Company Secretary. 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.

WHISTLEBLOWER POLICY:

The Company has in place a Whistleblower Policy to deal with unethical behavior, victimisation, 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 minimisation 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, 2020 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 is profit because of deferred tax in the profit and loss account, company could not spend any amount for CSR activities.

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, GUARANTEES 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 utilise its full capacity in the financial Year 2020-2021. 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, 2020, 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, 2020 and of the Profits of the Company for that period;

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: 31st July, 2020	**D. Sethia**	**S. L. Agarwal**
Place: Kolkata	Independent Director	Managing Director

Annexure - A

(to the Secretarial Audit Report of Websol Energy System Limited for the FY March 31, 2020)

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.

For AL & Associates
(Practicing Company Secretaries)

Sd/-
Priti Lakhotia
UDIN: F010843B001324100
FCS No.10843
CP No. 12790

Place: Kolkata
Date: 26th November, 2020

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, 2020.

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

(₹ In Lakh)

Particulars		For the year 2019-20	For the year 2018-19
(a)	Foreign Exchange earnings of the Company	-	9.51
(b)	Foreign Exchange Outgo		
	(i) C. I. F. value of import of Raw Materials, Components, Spare parts and Capital Goods	11,170.30	6,467.82
	(ii) Others	0.00	0.00

ANNEXURE – C

TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN FOR THE YEAR ENDED 31.03.2020

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

I REGISTRATION AND OTHER DETAILS

i	CIN	L29307WB1990PLC048350
ii	Registration Date	02/08/90
iii	Name of the Company	Websol Energy System Limited
iv	Category/Sub-category of the Company	
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 & 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 & 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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	20,83,248	-	20,83,248	7.18%	22,95,248	-	22,95,248	7.50%	0.33%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	54,19,674	-	54,19,674	18.67%	54,19,674	-	54,19,674	17.71%	-0.96%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**75,02,922**	**-**	**75,02,922**	**25.85%**	**77,14,922**	**-**	**77,14,922**	**25.22%**	**-0.63%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	6,200	6,200	0.02%	-	6,200	6,200	0.02%	-
b) Banks / FI	26,307	-	26,307	0.09%	1,235	-	1,235	0.00%	-0.09%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
g) FIIs	19,96,923	-	19,96,923	6.88%	31,63,370	-	31,63,370	10.34%	3.46%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**20,23,230**	**6,200**	**20,29,430**	**6.99%**	**31,64,605**	**6,200**	**31,70,805**	**10.36%**	**3.37%**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	34,38,897	-	34,38,897	11.85%	19,08,965	-	19,08,965	6.24%	-5.61%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	1,03,06,209	-	1,03,06,209	35.51%	1,03,06,209	-	1,03,06,209	33.69%	-1.82%
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	57,49,609	-	57,49,609	19.81%	68,73,714	-	68,73,714	22.47%	2.66%
c) Director Relation	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Non Resident Indians	-	-	-	-	6,20,008	-	6,20,008	2.03%	2.03%
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**1,94,94,715**	**-**	**1,94,94,715**	**67.16%**	**1,97,08,896**	**-**	**1,97,08,896**	**64.42%**	**-2.74%**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2,15,17,945**	**6,200**	**2,15,24,145**	**74.15%**	**2,28,73,501**	**6,200**	**2,28,79,701**	**74.78%**	**0.63%**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,90,20,867**	**6,200**	**2,90,27,067**	**100.00%**	**3,05,88,423**	**6,200**	**3,05,94,623**	**100.00%**	**0.00%**

(ii) Share Holding of Promoters

Sl. No.	Shareholders 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	Mr. Sohan Lal Agarwal	20,69,208	7.13%	-	22,81,208	7.46%	-	0.33%
2	Mr. Raj Kumari Agarwal	20	0.00%	-	20	0.00%	-	-
3	Mr. Chiranji Lal Agarwal	14,020	0.05%	-	14,020	0.05%	-	-
4	S L Industries Pvt. Ltd.	54,19,674	18.67%	71.96%	54,19,674	17.71%	70.24%	-0.96%
	Total	**75,02,922**	**25.85%**	**71.96%**	**77,14,922**	**25.22%**	**70.24%**	**-0.63%**

* 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. Mr. S L Agarwal has bought 2,12,000 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 2,12,000 Equity Shares of the Company on various dates as mentioned in the below table:

Date	No. of share buy
29/11/19	100000
13/12/19	50000
20/12/19	25000
21/02/20	33847
28/02/20	3153

Date	No. of share buy
TOTAL	212000
31/03/19	2069208
31/03/20	2281208
Total Buy	212000

(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. 01.04.2019		Shareholding at the end of the year, i.e. 31.03.2020	
			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		16,77,025	5.48	16,67,025	5.45
	08-Nov-19	SELL	(18,097)	(0.06)	16,58,928	5.42
	22-Nov-19	SELL	(2,31,651)	(0.76)	14,27,277	4.67
	06-Dec-19	SELL	(50,000)	(0.16)	13,77,277	4.50
	13-Dec-19	SELL	(25,000)	(0.08)	13,52,277	4.42
	10-Jan-20	BUY	7,83,778	2.56	21,36,055	6.98
	31-Jan-20	SELL	(1,57,469)	(0.51)	19,78,586	6.47
	07-Feb-20	SELL	(1,09,221)	(0.36)	18,69,365	6.11
	14-Feb-20	SELL	(10,871)	(0.04)	18,58,494	6.07
	18-Feb-20	SELL	7,83,778	2.56	26,42,272	8.64
	Closing Balance:				26,42,272	8.64%
2	**UJIYARA SAREES PRIVATE LIMITED**					
	Date	Reason				
	At the beginning of the year					
	30-Sep-19	BUY	1,35,000	0.44%	1,35,000	0.44%
	11-Oct-19	BUY	50,000	0.16%	1,85,000	0.60%
	01-Nov-19	BUY	75,000	0.25%	2,60,000	0.85%
	08-Nov-19	BUY	70,000	0.23%	3,30,000	1.08%
	20-Mar-20	BUY	99,000	0.32%	4,29,000	1.40%
	Closing Balance:				4,29,000	1.40%
3	**GOLDMAN SACHS INVESTMENTS**					
	Date	Reason				
	At the beginning of the year		3,19,848	1.05%	3,19,848	1.05%
	Closing Balance:				3,19,848	1.05%
4	**BINITA H DOSHI**					
	Date	Reason				
	At the beginning of the year		2,96,842	0.97%	2,96,842	0.97%
	Closing Balance:				2,96,842	0.97%
5	**NISHU FINLEASE PRIVATE LIMITED**					
	Date	Reason				
	At the beginning of the year		2,80,000	0.92		
	29-Nov-19	SELL	(10,000)	(0.03)	2,70,000	0.88%
	13-Dec-19	SELL	(15,000)	(0.05)	2,55,000	0.83%
	24-Feb-20	SELL	(2,000)	(0.01)	2,53,000	0.83%
	Closing Balance:				2,53,000	0.83%

Sl. No.	Name of the Shareholders		Shareholding at the beginning of the year, i.e. 01.04.2019		Shareholding at the end of the year, i.e. 31.03.2020	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6	**GYANSHEELA PODDAR**					
	Date	Reason				
	At the beginning of the year		2,01,250	0.66%	2,01,250	0.66%
	05-Apr-19	SELL	(25,505)	(0.08)	1,75,745	0.57
	12-Apr-19	SELL	(11,104)	(0.04)	1,64,641	0.54
	19-Apr-19	SELL	(1,800)	(0.01)	1,62,841	0.53
	30-Sep-19	BUY	40,754	0.13	2,03,595	0.67
	11-Oct-19	BUY	20,000	0.07	2,23,595	0.73
	01-Nov-19	BUY	22,101	0.07	2,45,696	0.80
	Closing Balance:		2,45,696	0.80	2,45,696	0.80
7	**THE INDIAMAN FUND (MAURITIUS) LIMITED**					
	Date	Reason				
	At the beginning of the year		2,01,250	0.66%	2,01,250	0.66%
	Closing Balance:				2,01,250	0.66%
8	**SHIVRATRI DEALMARK PRIVATE LIMITED**					
	Date	Reason				
	At the beginning of the year		-	-	1,64,821	0.54
	15-Nov-19	BUY	20,000	0.07	20,000	0.07
	22-Nov-19	BUY	50,000	0.16	70,000	0.23
	29-Nov-19	BUY	1,00,000	0.33	1,70,000	0.56
	Closing Balance:				1,70,000	0.56
9	**P. JANARDHANAN**					
	Date	Reason				
	At the beginning of the year		1,83,000	0.60%	1,83,000	0.60%
	05-Apr-19	BUY	7,000	0.02	1,90,000	0.62
	13-Apr-19	BUY	4,121	0.01	1,94,121	0.63
	19-Apr-19	BUY	4,879	0.02	1,99,000	0.65
	31-May-19	BUY	6,000	0.02	2,05,000	0.67
	07-Jun-19	SELL	15,000	0.05	1,90,000	0.62
	14-Jun-19	BUY	20,000	0.07	2,10,000	0.69
	28-Jun-19	BUY	11,000	0.04	2,21,000	0.72
	05-Jul-19	SELL	5,000	0.02	2,16,000	0.71
	12-Jul-19	BUY	1,079	0.00	2,17,079	0.71
	19-Jul-19	SELL	467	0.00	2,16,612	0.71
	26-Jul-19	SELL	6,080	0.02	2,10,532	0.69
	02-Aug-19	SELL	532	0.00	2,10,000	0.69
	16-Aug-19	SELL	5,800	0.02	2,04,200	0.67
	23-Aug-19	SELL	12,220	0.04	1,91,980	0.63
	30-Aug-19	SELL	18,852	0.06	1,73,128	0.57
	06-Sep-19	SELL	23,433	0.08	1,49,695	0.49
	13-Sep-19	BUY	9,305	0.03	1,59,000	0.52
	08-Nov-19	BUY	6,000	0.02	1,65,000	0.54
	10-Jan-20	SELL	25,000	0.08	1,40,000	0.46
	17-Jan-20	SELL	15,000	0.05	1,25,000	0.41
	24-Jan-20	BUY	10,000	0.03	1,35,000	0.44
	31-Jan-20	SELL	2,190	0.01	1,32,810	0.43
	07-Feb-20	BUY	7,590	0.02	1,40,400	0.46

Sl. No.	Name of the Shareholders		Shareholding at the beginning of the year, i.e. 01.04.2019		Shareholding at the end of the year, i.e. 31.03.2020	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	14-Feb-20	BUY	10,527	0.03	1,50,927	0.49
	21-Feb-20	BUY	9,073	0.03	1,60,000	0.52
	28-Feb-20	BUY	10,000	0.03	1,70,000	0.56
	Closing Balance:				1,70,000	0.56%
10	**SHILPA PANKAJ DESHPANDE**					
	Date	Reason				
	At the beginning of the year		64,000	0.21%	64,000	0.21%
	07-Jun-19	BUY	40,625	0.13	1,04,625	0.34
	14-Jun-19	BUY	10,375	0.03	1,15,000	0.38
	12-Jul-19	BUY	15,000	0.05	1,30,000	0.42
	13-Sep-19	BUY	5,000	0.02	1,35,000	0.44
	20-Sep-19	BUY	4,000	0.01	1,39,000	0.45
	30-Sep-19	BUY	5,000	0.02	1,44,000	0.47
	04-Oct-19	BUY	4,000	0.01	1,48,000	0.48
	11-Oct-19	BUY	2,000	0.01	1,50,000	0.49
	Closing Balance:				1,50,000	0.49%

(v) Shareholding of directors and KMP

Name of the Directors and KMP	Shareholding at the beginning of the year, i.e. 01.04.2019		Shareholding at the end of the year, i.e. 31.03.2020	
	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	20,69,208	7.13%		
Bought During The Year*	2,12,000	0.69%	22,81,208	7.82%
Sold During The Year	-	0.00%	22,81,208	7.82%
At the End of The Year			22,81,208	7.82%

V INDEBTEDNESS

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

(₹ In Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning 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
Change in Indebtedness during the financial year				
Additions	3,587.76	1,222.47	-	4,810.23
Reduction	(2,183.14)	(1,885.64)	-	(4,068.78)
Net Change	1,404.62	(663.17)	-	741.45
Indebtedness at the end of the financial year				
i) Principal Amount	4,873.25	2,705.06	-	7,578.31
ii) Interest due but not paid	57.50	131.77	-	189.27
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**4,930.75**	**2,836.83**	-	**7,767.58**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(₹ In Lakh)

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	79.79	15.89	95.68
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	3.50	2.04	5.54
	(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)			
	Contribution to PF, gratuity and other funds	6.71	1.31	8.02
	Total (A)	**90.00**	**19.24**	**109.24**

* Resigned w.e.f. 11.02.2020

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

(₹ In Lakh)

Sl. No.	Particulars of Remuneration	Name of the Directors		
1	**Independent Directors**	**Mr. D. Sethia**	**Mr. P. Kaushik**	**Mr. R. Ojha**
	(a) Fee for attending board committee meetings	1.62	1.62	1.62
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (1)	**1.62**	**1.62**	**1.62**
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**	**1.62**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
1	**Gross Salary**	**CFO**	**Company Secretary***	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1.44	0.50	1.94
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.19	0.50	0.69
	(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			
	Contribution to PF, gratuity and other funds	0.11	0.06	0.17
	Total (C)	**1.74**	**1.06**	**2.80**

* During the year, Mrs. Sweta Sarraf (Company Secretary) appointed for her post on 30.11.2019.

VII PENALTIES/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.

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	57.54
Mrs. Sima Jhunjhunwala	13.57
Independent Director	
Mr. Dharmendra Sethia	0.99
Mr. Prateek Kaushik	0.99
Mr. Ritesh Ojha (Joined from 14.11.2018)	0.25

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. SL Agarwal	NIL
Mrs. Sima Jhunjhunwala	15%
Mrs. Sweta Sarraf	NIL

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

12%

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

330

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

On an average employees received an annual increase of 10% because of the weak financial performance during the financial year 2019-20. Individual increase varied from 5 to 15%.Increase is always trend with industry norms and individual employee's appraisal is based on organisational 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 FY 2019-20 (₹ in Lakh)	112.04
Revenue (₹ In Lakh)	19,554.17
Remuneration of KMPs (as % of revenue)	0.57
Profit before Tax (PBT) (₹ In Lakh)	(1,282.84)
Remuneration of KMP (as % of PBT)	NA

g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2020	March 31, 2019	% change
Market Capitalisation (₹ Crores)	38.24	125.24	-69.47%
Price Earnings Ratio	5.60	(4.49)	224.72%

h. Public offer:

No Public offer during the Financial Year 2019-20.

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:

NA

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

Particulars	Mrs. Sima Jhunjhunwala	Mrs. Sweta Sarraf
Remuneration in FY 2019-20 (₹ In Lakh)	20.19	1.06
Revenue (₹ In Lakh)	19,554.17	19,554.17
Remuneration as % of revenue	0.10	0.06
Profit before Tax (PBT) (₹ In Lakh)	(1,282.84)	(1,282.84)
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 (₹)	Qualification and experience (years)	Age (years)	Date of commencement of employment	Last employer, designation
Employed throughout the financial year 2019-20						
Mr. S L Agarwal	Managing Director	90,00,003	B.COM(HONS)	74	12-02-1982	
Employed for part of the financial year 2019-20 (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 ₹5 Lakhs per month) : Mrs. Shraboni Kundu						

Notes:

1. Remuneration includes salary, company's contributions to provident and other funds, bonus, allowances and monetary value of perquisites.
2. Except the appointment of directors, all appointments are non-contractual and terminable by notice on either side.
3. No employee is a relative of any director of the Company.
4. 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).

ANNEXURE E TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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 2020, 07 (Seven) Board meetings were held on 29.05.2019, 13.08.2019, 03.10.2019, 04.11.2019, 02.12.2019, 07.01.2020 and 11.02.2020. 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	7	Yes	-	1	-	7.46%
2.	Mrs. Sima Jhunjhunwala (Resigned on 11.02.2020)	Executive – Whole Time Director & CFO	7	Yes	-	-	-	NIL
3.	Mr. D. Sethia	Non-Executive Independent Director	7	Yes	-	2	2	NIL
4.	Mr. P. Kaushik	Non-Executive Independent Director	7	No	-	2	-	NIL
5.	Mr. R. Ojha	Non-Executive Independent Director	7	No	-	1	-	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, 2020. A declaration signed by the CFO in this regard is annexed at the end of this Report.

Independent Directors Meeting:

The Independent Directors met 2 (Two) times during the year, i.e. on 07.01.2020 and 11.02.2020 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 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 three members - one Executive Director i.e. Mr. Sohan Lal Agarwal (Appointed on 11.02.2020) and two Non-Executive Directors viz. Mr. D. Sethia and Mr. P. Kaushik. Mrs. Sima Jhunjhunwala has resigned on 11.02.2020. 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 04 (four) Audit Committee meetings were held on 29.05.2019, 13.08.2019, 05.11.2019 and 11.02.2020.

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

Sl. No.	Name of the Member	Category	No. of Meetings Attended
1.	Mr. Sohan Lal Agarwal	Executive Director	0
2.	Mr. D. Sethia	Chairman and Independent Directors	4
3.	Mr. P. Kaushik	Independent Director	4
4.	Mrs. Sima Jhunjhunwala	Whole Time Director and CFO	4

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. 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 07.01.2020 and 11.02.2020. All the members of the Committee were present on the said meeting dates.

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) Scrutinise 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 Familiarise 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 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) authorised 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.

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:

a) Industry trend;

b) Remuneration package in other comparable corporates;

c) Job responsibilities; and

d) 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 Executive Director(s) are contractual in nature. The Agreement(s) may be terminated at any time by either party giving 3 (three) months' notice in writing without any cause. The details of remuneration paid to the Executive director during financial year 2019 - 20 are given below:

(₹ 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	79.79	3.50	6.71	90.00
2.	Mrs. Sima Jhunjhunwala (resigned from Whole Time Director on 11.02.2020)	Whole Time Director & CFO	17.33	2.22	1.43	20.98

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 2019 - 20 are given below:

(₹ 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	1.62	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. The Company Secretary of the Company acts as the Secretary to the Committee.

The functions of the Committee include:

a) Providing guidance for overall improvement in the quality of services to investors

b) Address the shareholders' and investors' complaints and ensuring expeditious resolution of the same

c) Dissemination of factually correct information to investors and the public at large

d) 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 01 (one) Stakeholders Relationship Committee meetings were held on 11.02.2020. All the members of the Committee were present on the said meeting dates.

Officer: Ms. Sweta Saraff Company Secretary & Compliance Officer (appointed on 30th November, 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 31.03.2020.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Presently the committee comprises of two directors viz; Mr. D. Sethia(Chairperson), Mr. P. Kaushik and Mrs. Sima Jhunjhunwala (resigned on 11th February 2020). 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,2020, the committee met once on 02.12.2019. All the members of the Committee were present on the said meeting date.

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. 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:

a) Approval of transfer/transmission of securities of the Company

b) Overseeing the performance of the Registrar and Transfer Agents of the Company

c) Redressal of shareholders' complaints relating to transfer of shares, non-receipt of annual reports and non-receipt of declared dividend, among others

d) Disposal of old stationeries of dividend warrants, among others

e) Issue of duplicate share certificates

f) Dematerialisation / Rematerialisation of shares

g) 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, 2020, the committee met once on 11.02.2020. All the members of the Committee were present on the said meeting dates.

9. GENERAL BODY MEETINGS:

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

Financial Year Ended	Date	Time	Venue
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
31.03.2019	30.09.2019	09:30 AM	Nazrul Tirtha, Biswa Bangla Sarani, Beside DLF Building, AF Block - (Newtown), Action Area-1A, Newtown, Kolkata, West Bengal – 700156

b) No special resolution was passed in the previous three annual general meetings.

c) No Special Resolution was passed during the financial year 2019-20 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:

a) Annual General Meeting

Day, Date and Time	Thursday, December 31, 2020 at 11:00 AM
Venue	The 30th AGM of the Company will be conducted through Video Conferencing (VC)/ Other Audio Visual Means (OAVM). The deemed venue for the 30th AGM shall be the Registered Office of the Company.
Book Closure Dates	Friday, December 25, 2020 to Thursday, December 31, 2020

b) Financial Year

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

c) Financial Year Calendar for 2019-20 (Tentative)

First Quarter Results	13th August, 2019
Second Quarter Results	05th November, 2019
Third Quarter Results	11th February, 2020
Fourth Quarter Results and Annual Results	31st July, 2020

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
28.95	24.00	April, 2019	28.40	23.90
25.80	19.00	May, 2019	26.00	19.00
36.90	24.05	June, 2019	36.50	24.00
29.40	18.05	July, 2019	30.15	18.05
22.65	16.05	August, 2019	23.05	16.10
22.20	18.50	September, 2019	22.00	18.65
23.30	18.30	October, 2019	23.25	19.00
28.25	21.05	November, 2019	28.35	21.15
25.05	21.25	December, 2019	24.85	21.55
33.00	22.00	January, 2020	33.00	22.05
30.35	21.55	February, 2020	30.50	21.50
22.70	11.80	March, 2020	22.70	11.90

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, 2019 : 27.30
On March, 2020 : 12.50
Change : (54.21) %

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

On April, 2019 : 38871.87
On March, 2020 : 29468.49
Change : (24.19)%

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 dematerialised 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 dematerialised. 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, 2020

Shareholding Range	No. of Holders	% of Total Holders	No. of Shares Held	% of Total Shares
Upto 500	19,497	81.554	52,29,181	17.09
501 – 1000	2,078	8.692	22,66,400	7.41
1001 – 2000	1,154	4.827	32,40,170	10.59
2001 – 3000	401	1.677	10,42,286	3.41
3001 – 4000	165	0.690	6,02,210	1.97
4001 – 5000	177	0.740	8,46,252	2.77
5001 – 10000	227	0.950	16,93,480	5.54
10001 – 50000	176	0.736	32,67,968	10.68
50001 – 100000	13	0.054	9,48,784	3.10
100001 and above	19	0.079	1,14,57,892	37.45
Total:	**23,907**	**100.00**	**3,05,94,623**	**100.00**

j) Shareholding Pattern as on 31st March, 2020

Category	No. of Holders	% of Total Holders	No. of Shares	% of Holding
Indian Residents	23,235	97.19	1,71,79,923	56.15
Domestic Companies	287	1.20	73,28,639	23.95
Non Resident Indians	373	1.56	6,20,008	2.03
Foreign Companies	0	0.00	0	0.00
Mutual Funds	2	0.01	6,200	0.02
Financial Institutions	3	0.01	1,135	0.00
Banks	1	0.00	100	0.00
Directors / Relatives of Directors	3	0.01	22,95,248	7.50
FIIs	3	0.01	31,63,370	10.34
Others	0	0.00	0	0.00
Total	**23,907**	**100.00**	**3,05,94,623**	**100.00**

k) Status of Dematerialisation as on 31st March, 2020

Particulars	No. of Shares	% of Total Shares	No. of Accounts
National Securities Depository Limited (NSDL)	2,14,62,668	70.15	11,468
Central Depository Services (India) Limited (CDSL)	87,89,863	28.73	10,846
Total Dematerialised	3,02,52,531	98.88	22,314
Physical	3,42,092	1.12	1,593
Grand Total	**3,05,94,623**	**100.00**	**23,907**

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

i) 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.

ii) 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.

iii) Whistle Blower Policy framed by the Company to deal with unethical behaviour, victimisation, fraud and other grievances or concerns, if any, is available on the Company's website at the following web-link:

https://www.websolar.com/investor-corner/corporate-governance/.

During the year 2019-20, 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:

a. 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.

b. 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.

c. The Company's financial statements for the year ended 31st March, 2020 do not contain any modified audit opinion.

d. 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 2019-20, 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 2019-20	Total (₹)
For Statutory Audit	3,00,000
For Other Services	2,83,000
For Taxation Matter	2,07,000
Total	**7,90,000**

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 2019-20 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 minimise the risk and the same are reviewed and revised as per the needs to minimise 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

Place: Kolkata
Date: 31st July, 2020

S L Agarwal
Managing Director
DIN - 00189898

Declaration Regarding 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 2019-20.

Place: Kolkata
Date: 31st July, 2020

S L Agarwal
Managing Director
Websol Energy System Limited

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 ("theCompany") to the best of our knowledge and belief, hereby certify that:

A. We have reviewed the financial statements for the year ended 31st March, 2020 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: 31st July, 2020

sd/-
S L Agarwal
Managing Director & CEO

sd/-
Sima Jhunjhunwala
Chief Financial Officer

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2020

[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, 2020 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, 2020 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

(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 expect to the extent as mentioned below:

1. The Company has not appointed an Women Director as per Regulation 17(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the previous women director resigned on 11.02.2020 and the Company is in course of appointing an women director.

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.

For AL & Associates
(Practicing Company Secretaries)

Sd/-
Priti Lakhotia
UDIN:F010843B001324100
FCS No.10843
CP No. 12790

Place: Kolkata
Date: 26th November, 2020

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.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
Websol Energy System Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Websol Energy System Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2020, 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 notes to the Financial statement including 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit (including other 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 note no. 35(13) of the financial statements which explains the management's assessment that there is no significant impact of COVID-19 pandemic on the financial statements for the year ended 31st March, 2020.

Our opinion is not modified in respect of above matter.

Other Matter

Due to the COVID-19 pandemic, nationwide lockdown and other travel restrictions are imposed by the Government/ local administration, hence, the audit processes were carried out electronically by remote access. The necessary records were made available by the management through digital medium and were accepted as audit evidence while reporting for the current period.

Our opinion is not modified in respect of these 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.

Key Audit Matter	Auditor's Response
Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances as per Ind AS 115 "Revenue from Contracts with Customers".	Our procedures, in relation to revenue recognition for those contracts, included: • 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

Key Audit Matter	Auditor's Response
The application of the 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, 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. 2.9 to the Financial Statements.	• 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. 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.

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.

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.

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 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. 35.1 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.

3. 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.

For G.P. Agrawal & Co.
Chartered Accountants
Firm's Registration No. - 302082E

(CA. Rakesh Kumar Singh)
Partner
Membership No. 66421

Place of Signature: Kolkata
Date: The 31st day of July, 2020

“Annexure A” to the Independent Auditor’s Report

Statement referred to in paragraph ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the members of Websol Energy System Limited on the financial statements for the year ended 31st March, 2020:

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 not carried out due to Covid pandemic. 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 which is sold during the year.

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 I86 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, 2020 for a period of more than six months from the date on when they become payable:

Name of Statute	Nature of dues	Amount (₹ In Lakhs)
Employee Provident Fund Organisation	Provident Fund	5.20
Directorate of Commercial Taxes Government of West Bengal	Professional Tax	1.33

   (b) The disputed statutory dues aggregating to ₹ 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 (₹ In Lakhs)	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty	1994-95 to 1999-00	116.55*	High court, Kolkata
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 ₹ 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$ 1.43 million has been converted into 15,67,556 Equity Shares of the Company during the year as per the rates approved by regulators and shareholders.

   The Company has one lender Invent Assets and Reconstruction Co. Pvt. Ltd. to whom the loan of Allahabad Bank was assigned in December, 2016. The Company made default in repayment of loan for the quarter ended December, 2019. The lender sold the non core assets of the company and realized their installment for December, 2019 along with future Installments.

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. Rakesh Kumar Singh)
Place of Signature: Kolkata *Partner*
Date: The 31st day of July, 2020 Membership No. 66421

“Annexure B” to the Independent Auditor’s 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 System Limited (“the Company”) as of 31st March, 2020 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 unauthorised 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, 2020, 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. Rakesh Kumar Singh)
Partner
Membership No. 66421

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Balance Sheet as at 31st March, 2020

(₹ in Lakh)

Particulars			Note No.	As At 31st March, 2020	As At 31st March, 2019
I.	**ASSETS**				
(1)	**Non - current assets**				
	(a)	Property, plant and equipment	4(i)	25,335.43	28,689.20
	(b)	Capital Work in progress	4(ii)	–	90.82
	(c)	Right of use assets	4(iii)	86.03	–
	(d)	Intangible assets	5	2.10	2.68
	(e)	Financial assets			
		(i) Other financial assets	6(i)	328.07	326.87
				25,751.63	**29,109.57**
(2)	**Current assets**				
	(a)	Inventories	7	1,203.93	3,390.10
	(b)	Financial assets			
		(i) Trade receivables	8	1,775.43	965.68
		(ii) Cash and cash equivalents	9	51.97	7.49
		(iii) Bank Balances other than Cash and cash equivalents	10	–	0.35
		(iv) Loans	11	531.36	531.36
		(v) Other financial assets	6(ii)	18.98	18.94
	(c)	Current tax assets	12	15.15	81.53
	(d)	Other current assets	13	1,724.17	1,065.76
				5,320.99	**6,061.21**
	Total Assets			**31,072.62**	**35,170.78**
II.	**EQUITY AND LIABILITIES**				
(1)	**Equity**				
	(a)	Equity share capital	14	3,059.46	2,902.71
	(b)	Other equity	15	9,651.93	9,484.79
				12,711.39	**12,387.50**
	Liabilities				
(2)	**Non - current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	16(i)	3,980.75	3,526.13
		(ii) Trade and other payables	17(i)		
		Total outstanding dues of micro enterprises and small enterprises		–	–
		Total outstanding dues of creditors other than micro enterprises and small enterprises		3,123.39	3,282.93
		(iii) Other financial liabilities	18 (i)	–	–
	(b)	Provisions	19 (i)	168.38	138.68
	(c)	Deferred tax liabilities (net)	20	0.00	1,620.72
	(d)	Other non-current liabilities	21(i)	619.06	708.11
				7,891.58	**9,276.57**
(3)	**Current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	16(ii)	2,836.83	4,070.76
		(ii) Trade and other payables	17(ii)		
		Total outstanding dues of micro enterprises and small enterprises		19.52	–
		Total outstanding dues of creditors other than micro enterprises and small enterprises		5,551.07	8,102.92
		(iii) Other financial liabilities	18	1,544.02	914.44
	(b)	Other current liabilities	21 (ii)	413.15	312.98
	(c)	Provisions	19 (ii)	105.06	105.61
				10,469.65	**13,506.71**
	Total Equity and Liabilities			**31,072.62**	**35,170.78**

The accompanying notes 1 to 35 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

For and on behalf of the Board of Directors
Websol Energy System Limited

(CA. Rakesh Kumar Singh)
Partner
Membership No. 66421

S.L. Agarwal
Managing Director
DIN No. 00189898

Dharmendra Sethia
Director
DIN No. 06775533

Sweta Sarraf
Company Secretary
Membership No. : 54355

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ in Lakh)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I.	Revenue from operations	22	19,554.17	6,855.84
II.	Other income	23	1,089.92	1,728.65
III.	**Total income (I+II)**		**20,644.09**	**8,584.49**
IV.	Expenses:			
	Cost of materials consumed	24	13,995.29	6,593.41
	Stores and spares consumed	25	634.11	271.68
	Changes in inventories of finished goods and work-in-progress	26	1,249.55	(867.72)
	Power and fuel consumption	27	1,029.47	759.34
	Employee benefits expense	28	945.13	946.41
	Finance costs	29	619.11	611.43
	Depreciation and amortization expense	30	1,546.89	1,549.35
	Other expenses	31	1,181.37	1,610.06
	Total expense (IV)		**21,200.92**	**11,473.96**
V.	**Profit/ (Loss) before exceptional items and tax (III-IV)**		**(556.83)**	**(2,889.47)**
VI.	Exceptional items	32	726.01	–
VII.	**Profit/ (Loss) before tax (V-VI)**		**(1,282.84)**	**(2,889.47)**
VIII.	Tax expense	33		
	Current tax		0.01	5.08
	Deferred tax		(1,938.83)	–
	Tax expense		(1,938.82)	5.08
IX.	**Profit/ (Loss) for the year (VII-VIII)**		**655.98**	**(2,894.55)**
X.	Other comprehensive income			
	A. I. Items that will not be reclassified to Profit or Loss			
	- Remeasurements of defined benefit plan		(13.98)	(27.63)
	- Income tax relating to above item		–	–
	Other comprehensive income for the year		**(13.98)**	**(27.63)**
XI.	**Total comprehensive income for the year (IX + X)**		**642.00**	**(2,922.18)**
XII.	**Earnings per equity share** (Nominal value per share ₹ 10/-)	34		
	Basic (₹)		2.23	(10.01)
	Diluted (₹)		1.93	(8.24)

The accompanying notes 1 to 35 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

For and on behalf of the Board of Directors
Websol Energy System Limited

(CA. Rakesh Kumar Singh)
Partner
Membership No. 66421

S.L.Agarwal
Managing Director
DIN No. 00189898

Dharmendra Sethia
Director
DIN No. 06775533

Sweta Sarraf
Company Secretary
Membership No. : 54355

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Statement of Cash Flows for the year ended 31st March, 2020

(₹ in Lakh)

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/ (Loss) before tax	(1,282.84)	(2,889.47)
	Adjustments for		
	Depreciation	1,546.89	1,549.35
	Finance costs	619.11	611.43
	Interest Income	(248.03)	(202.85)
	Sundry balances written back	(425.65)	(1,375.29)
	Liability no longer required written back	(40.16)	–
	Sundry balances written off	55.41	242.56
	Loss on Sale of Leasehold Land	726.01	–
	Allowance for impairment of receivables	4.96	1.83
	Operating Profit/ (Loss) before working capital changes	**955.70**	**(2,062.44)**
	Increase / (Decrease) in Trade and other payables	(2,266.21)	2,776.93
	Increase / (Decrease) in Non-current and current provisions	15.18	0.30
	Decrease / (Increase) in Trade receivables	(870.13)	924.19
	Increase / (Decrease) in Other liabilities	11.12	(7.92)
	Increase / (Decrease) in Other financial liabilities	629.56	270.05
	Decrease / (Increase) in Other financial assets	(1.21)	4.83
	(Increase) / Decrease in Other assets	(658.41)	222.19
	(Increase) / Decrease in Inventories	2,186.17	(1,573.43)
	Cash generated from operations	1.77	554.70
	Direct Taxes Paid	66.37	(59.43)
	Net cash flow from/(used in) operating activities	**68.14**	**495.27**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment	(121.64)	(154.83)
	Proceeds from sale of property, plant and equipment	1,207.86	227.86
	Purchase of intangible assets	–	(0.88)
	Loans given received back	–	313.94
	Proceeds from fixed deposit	0.35	–
	Interest received		
	Net cash flow from / (used in) investing activities	**1,334.60**	**588.94**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of long term borrowings	(1,585.86)	(202.57)
	Proceeds from long term borrowings	2,080.63	8.77
	Increase/(decrease) in short term borrowings (net)	(1,233.92)	(278.61)
	Interest paid	(619.11)	(611.43)
	Net cash flow from financing activities	**(1,358.26)**	**(1,083.84)**
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	44.48	0.37
	Cash and cash equivalents at beginning of the year	7.49	7.12
	Cash and cash equivalents at end of the year	**51.97**	**7.49**

Statement of Cash Flows for the year ended 31st March, 2020

Notes:

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

(₹ in Lakh)

Particulars	31st March, 2020	31st March, 2019
Cash on hand	10.29	4.43
Balance with banks		
On current and EEFC accounts	41.68	3.06
Closing cash and cash equivalents for the purpose of cash flow statement	**51.97**	**7.49**

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 :

(₹ in Lakh)

Particulars	Borrowings	
	Non-current	Current
As at 01.04.2018	3,718.12	4,351.17
Cash flow during the year*	(191.99)	(280.41)
As at 31.03.2019	3,526.13	4,070.76
Cash flow during the year*	454.62	(1,233.93)
As at 31.03.2020	**3,980.75**	**2,836.83**

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

The accompanying notes 1 to 35 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

For and on behalf of the Board of Directors
Websol Energy System Limited

(CA. Rakesh Kumar Singh)
Partner
Membership No. 66421

S.L.Agarwal
Managing Director
DIN No. 00189898

Dharmendra Sethia
Director
DIN No. 06775533

Sweta Sarraf
Company Secretary
Membership No. : 54355

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Statement of Changes In Equity for the year ended 31st March, 2020

(a) Equity Share Capital

(₹ in Lakh)

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, 2019	2,667.57	235.13	2,902.71
For the year ended 31st March, 2020	2,902.71	156.75	3,059.46

(b) Other equity

(₹ in Lakh)

Particulars	Equity component of Foreign Currency Convertible Bonds (Refer note 14(f)	Reserve and surplus			Other Comprehensive Income	Total
		Capital Reserve	Security Premium	Retained Earnings	Remeasurement of Defined Benefit Plan	
Balance as at 31st March, 2018	**5,248.19**	**19,109.28**	**13,141.86**	**(24,857.22)**	**–**	**12,642.11**
Profit / (Loss) for the year	–	–	–	(2,894.55)	–	(2,894.55)
Other Comprehensive Income (net of taxes)	–	–	–	–	(27.63)	(27.63)
Total Comprehensive Income	**–**	**–**	**–**	**(2,894.55)**	**(27.63)**	**(2,922.18)**
Issue of equity shares	(1,457.83)	–	1,222.69	–	–	(235.14)
Transfer from other comprehensive income to retained earnings	–	–	–	(27.63)	27.63	–
Balance as at 31st March, 2019	**3,790.36**	**19,109.28**	**14,364.55**	**(27,779.40)**	**–**	**9,484.79**
Profit / (Loss) for the year	–	–	–	655.98	–	655.98
Other Comprehensive Income (net of taxes)	–	–	–	–	(13.98)	(13.98)
Total Comprehensive Income	**–**	**–**	**–**	**655.98**	**(13.98)**	**642.00**
Issue of equity shares	(971.87)	–	815.13	–	–	(156.75)
Mat credit Entitlements lapsed on adoption of new tax regime (Refer note 33)	–	–	–	(318.11)	–	(318.11)
Transfer from other comprehensive income to retained earnings	–			(13.98)	13.98	–
Balance at 31st March, 2020	**2,818.48**	**19,109.28**	**15,179.68**	**(27,455.50)**	**–**	**9,651.93**

The accompanying notes 1 to 35 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

For and on behalf of the Board of Directors
Websol Energy System Limited

(CA. Rakesh Kumar Singh)
Partner
Membership No. 66421

S.L.Agarwal
Managing Director
DIN No. 00189898

Dharmendra Sethia
Director
DIN No. 06775533

Sweta Sarraf
Company Secretary
Membership No. : 54355

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Notes forming part of financial statements

Note 1 Corporate information

Websol Energy System 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 (West Bengal). The financial statements for the year ended 31st March, 2020 were approved for issue by the Board of Directors on 31st July, 2020.

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.

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 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 which in the view of the management best represents the period for which the asset is expected to be used:

The estimated useful lives of PPE of the Company are as follows:

Leasehold Land	**Lease term**
Building	30 Years
Plant & Machinery	25 Years
Furniture and Fixture	10 Years
Computer	5 Years
Office Equipment	5 Years
Motor Vehicle	8 Years

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 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, Amortisation is recognised one straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

Derecognition of intangible assets:

An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an Intangible asset, measured as the difference between the net disposal proceeds and the earning amount of the asset, are recognised in the statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Software purchased 6 Years

2.7 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.

2.8 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.

2.9 Revenue recognition

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.

2.10 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 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.

2.11 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 Fund 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 in the nature of a defined benefit plan. The cost of providing benefits under the defined benefit obligation is calculated on the basis of actuarial valuations carried out at reporting date by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

2.12 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 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.

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).

Notes forming part of financial statements

2.13 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.

2.14 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.

2.15 Leases

The Company has adopted IND AS 116 "Leases" with the date of initial application being 1st April, 2019, using the modified retrospective method. On transition to IND AS 116, Right of use assets as at 1st April, 2019 for lease previously classified as financial lease were recognised and measured at an amount equal to lease liabilities and there is no impact on the retained earnings on account of the above information. Accordingly, previous period information has not been reinstated.

a) Where the Company is the lessee

The Company's lease asset classes primarily consist of land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (a) the contract involves the use of an identified asset, (b) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (c) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short- term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

b) Where the Company is the lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.16 Finance costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

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

2.18 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.

Notes forming part of financial statements

2.19 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.

2.2 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet comprise cash on hand, cheques on hand, balance with banks on current accounts and short term, highly liquid investments with an original maturity of three months or less and which carry insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents, as defined above and net of outstanding book overdrafts as they are considered an integral part of the Company's cash management.

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

Note No. : 4

(₹ in Lakh)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As on 1st April, 2019	Additions During the year	Disposals/ deductions during the year	As on 31st March, 2020	As on 1st April, 2019	For the year	Disposals/ deductions during the year	As on 31st March, 2020	As on 31st March, 2020	As on 31st March, 2019
(i) Property, plant and equipment										
Leasehold Land*	1,933.90	–	1,933.90	–	0.03	–	0.03	–	–	1,933.87
Building	4,708.68	–	–	4,708.68	592.95	206.81	–	799.76	3,908.92	4,115.73
Plant and machinery	25,728.46	90.82	–	25,819.28	3,181.86	1,279.41	–	4,461.27	21,358.01	22,546.60
Furniture and Fixture	151.41	0.58	–	151.99	123.02	14.57	–	137.59	14.40	28.39
Computer	8.54	4.71	–	13.25	4.47	1.81	–	6.28	6.97	4.07
Office Equipment	22.68	1.63	–	24.31	11.72	3.58	–	15.30	9.01	10.96
Motor Vehicles	89.28	–	–	89.28	39.70	11.46	–	51.16	38.12	49.58
Total	**32,642.95**	**97.74**	**1,933.90**	**30,806.79**	**3,953.75**	**1,517.64**	**0.03**	**5,471.36**	**25,335.43**	**28,689.20**
(ii) Capital work in Progress	90.82	–	90.82	–	–	–	–	–	–	90.82
(iii) Right of Use Assets **	–	114.71	0.00	114.71	–	28.68	–	28.68	86.03	–

Previous Year

(₹ in Lakh)

4(i)	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**
4(ii)										
Capital work in Progress	–	90.82	–	90.82	–	–	–	–	90.82	–

Notes:

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

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

*** Refer note no. 16 (i) and (ii) for assets hypothecated as security for borrowings.

Notes forming part of financial statements

Note No. : 5 Intangible assets

(₹ in Lakh)

Particulars	Computer Software
Gross carrying amount as at 1st April, 2019	6.31
Additions during the year	–
As at 31st March, 2020	**6.31**
Accumulated Amortisation	
As at 1st April, 2019	3.63
Amortisation for the year	0.58
As at 31st March, 2020	**4.21**
Net carrying amount as at 31st March, 2020	**2.10**

Note No. : 5 Intangible assets

(₹ in Lakh)

Particulars	Computer Software
Gross carrying amount as at 1st April, 2018	5.43
Additions during the year	0.88
Gross carrying amount as at 31st March, 2019	**6.31**
Accumulated Amortisation	
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**

Note No. : 6 Other financial assets

(i) Non-current

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Security deposits	328.07	326.87
Total	**328.07**	**326.87**

(ii) Current

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Interest accrued on fixed deposits	–	0.01
Security deposits	18.98	18.93
Total	**18.98**	**18.94**

Notes forming part of financial statements

Note No. : 7 Inventories (Valued at lower of cost and net realisable value)

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	590.78	1,506.71
Work In Progress	439.39	133.71
Finished Goods	141.43	1,696.66
Stores and Spares	32.33	53.02
Total	**1,203.93**	**3,390.10**

Note No. : 8 Trade receivables

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Considered good- Unsecured	1,775.43	967.51
b) Credit Impaired	4.96	6.29
	1,780.39	973.80
Less: Allowance for impairment of receivables	(4.96)	(8.12)
Total	**1,775.43**	**965.68**

Note No. : 9 Cash and cash equivalents

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
On current and EEFC accounts	41.68	3.06
Cash on hand	10.29	4.43
Total	**51.97**	**7.49**

Note No. : 10 Bank balances other than cash and cash equivalents

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Term Deposits with Bank		
Original maturity period less than 12 months	–	0.35
Total	**–**	**0.35**

Note No. : 11 Loans

Current

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good		
Loans		
Overseas corporate body	531.36	531.36
Total	**531.36**	**531.36**

Note No. : 12 Current tax assets

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Tax	26.60	92.98
Less : Provision for taxation	(11.45)	(11.45)
Total	**15.15**	**81.53**

Notes forming part of financial statements

Note No. : 13 Other assets (Unsecured, considered good)

Current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances other than capital advances		
Cenvat Credit	119.72	119.72
Advance for raw material	950.54	858.22
Advance to Staff	14.36	19.02
Electricity duty refundable	29.07	0.29
Service tax input receivable	–	5.31
GST input receivable	14.88	56.08
Prepayments	595.60	7.12
Total	**1,724.17**	**1,065.76**

Note No. : 14 Equity share capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	(₹ in Lakh)	No. of shares	(₹ in Lakh)
(a) Authorised				
Equity shares of par value ₹ 10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	6,00,00,000	**6,000.00**	**6,00,00,000**	**6,000.00**
(b) Issued, subscribed and paid up				
Equity shares of par value ₹ 10/- each fully paid in cash	1,12,86,553	1,128.66	1,12,86,553	1,128.66
Equity shares of par value ₹ 10/- each fully paid up issued as bonus shares by capitalization of Securities Premium	99,86,533	998.65	99,86,533	998.65
Equity shares of par value ₹ 10/- each fully paid for consideration other than cash	93,21,537	932.15	77,53,981	775.40
	3,05,94,623	**3,059.46**	**2,90,27,067**	**2,902.71**

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	(₹ in Lakh)	No. of shares	(₹ in Lakh)
At the beginning of the year	2,90,27,067	2,902.71	2,66,75,733	2,667.57
Shares issued during the year	15,67,556	156.76	23,51,334	235.14
At the end of the year	**3,05,94,623**	**3,059.46**	**2,90,27,067**	**2,902.71**

(d) The Company has only one class of equity shares having a par value of ₹ 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 ensuring 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, 2020		As at 31st March, 2019	
	No. of shares held	% of holding	No. of shares held	% of holding
S L Industries Private Limited	54,19,674	17.71%	54,19,674	18.67%
Sohan Lal Agarwal	22,81,208	7.46%	20,69,208	7.13%
India Max Investment Fund Limited	26,42,272	8.64%	16,77,025	5.78%

(f) Foreign Currency Convertible Found (FCCB) 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 supplementary trust deed was executed on the same date between the Company and the trustee. Post restructuring, the bond convertible into equity shares of the Company at the option of the Bond Holders. Other major changes due to restructuring are as follows:

(i) Principal Value of Bonds were reduced from US$ 16.80 million to US$ 12 million.

(ii) Change in conversion price from ₹ 550/- per share to ₹ 62/- per share at a fixed exchange rate of ₹ 68.032/US$.

(iii) 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.

(iv) 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 No. : 15 Other equity

(₹ in Lakh)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
(a) Equity component of Foreign Currency Convertible Bonds				
Balance as per last account	3,790.36		5248.19	
Less: Issue of equity shares	(971.87)		(1,457.83)	
Closing Balance		2,818.48		3,790.36
(b) Capital Reserve				
Balance as per last account	19,109.28		19,109.28	
Closing Balance		19,109.28		19,109.28
(c) Securities Premium				
Balance as per last account	14,364.55		13,141.86	
Add: Issue of equity shares	815.13		1,222.69	
Closing Balance		15,179.68		14,364.55
(d) Retained earnings				
Balance as per last account	(27,779.40)		(24,857.22)	
Add: Profit/(Loss) for the year	655.98		(2,894.55)	
Add: Transfer from Other Comprehensive income	(13.98)		(27.63)	
Less: Mat credit Entitlements lapsed on adoption of new tax regime (Refer note 33)	(318.11)		–	
Closing Balance		(27,455.51)		(27,779.40)
(e) Other Comprehensive Income-				
Remeasurement of Defined Benefit Plan				
Balance as per last account	–		–	
Add: Other Comprehensive income for the year	(13.98)		(27.63)	
Less: Transferred to Retained Earnings	(13.98)		(27.63)	
Closing Balance		–		–
Total		**9,651.93**		**9,484.79**

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.

Notes forming part of financial statements

Note No. : 16 Borrowings

(i) Non-current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Term loans		
Secured		
From Entities other than Bank		
Invent Asset Reconstrucrtion Company Ltd.#	1,900.10	3,526.13
Other Loans		
Secured		
From bodies corporate*	2,080.64	–
*Other than related parties		
Total	**3,980.75**	**3,526.13**

Current maturities of Long term debts shown under “current- other financial liabilities” (Note No. 18)

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.

Repayment Schedule as at March 31, 2020 (₹ in Lakh)

Particulars	Maturity profile			Total
	Less than 1 year	1-5 years	Over 5 years	
Secured loan				
Invent Asset Reconstrucrtion Company Ltd.	950	1,900.10	–	2,850.10

Repayment Schedule as at March 31, 2019 (₹ in Lakh)

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

(ii) Current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other loans and advances		
Secured		
Machinery Purchase Loan	–	570.76
Unsecured		
From Related parties	1,657.88	1,656.03
From bodies corporate*	1,178.95	1,843.97
Total	**2,836.83**	**4,070.76**

*Other than related parties

Nature of securities:

(i) Machinery purchase loan was secured by way of hypothecaton of respective machinery so procured.

Notes forming part of financial statements

Note No. : 17 Trade and Other Payables

(i) Non-current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
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	3,123.39	3,282.93
Total	**3,123.39**	**3,282.93**

(ii) Current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables		
Total outstanding dues of micro and small enterprises	19.52	–
Total outstanding dues of creditors other than micro and small enterprises	5,551.07	8,102.92
Total	**5,570.59**	**8,102.92**

Note No. : 18 Other Financial Liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term debts*	950.00	–
Other Payables		
Unpaid salary and other payroll dues	202.35	288.63
Accrued expenses	386.67	625.81
Others	5.00	–
Total	**1,544.02**	**914.44**

* Refer Note No. 16(i) for nature of securities & terms of repayment respectively.

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

Note No. : 19 Provisions

(i) Non-current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Employee benefits		
Gratuity	168.38	138.68
Total	**168.38**	**138.68**

(ii) Current (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Employee benefits		
Gratuity	5.06	5.61
Other Provisions		
Excise Duty	100.00	100.00
Total	**105.06**	**105.61**

Notes forming part of financial statements

Note No. : 20 Deferred tax liabilities (Net)

(₹ in Lakh)

Particulars	Opening Balance	Recognised in profit or loss/ Retained Earnings	Closing Balance
As at 31st March, 2020			
Tax effect of items constituting deferred tax liabilities			
Depreciation	1,938.83	2,880.56	4,819.39
	1,938.83	2,880.56	4,819.39
Tax effect of items constituting deferred tax assets			
MAT credit entitlement	318.11	(318.11)	–
Provision for Gratuity	–	43.65	43.65
Carry Forward Losses	–	4,775.73	4,775.73
	318.11	4,501.28	4,819.39
Net deferred tax liabilities / expense	1,620.72	(1,620.72)	0.00
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**

* Deferred tax assets is recognised to the extent of Deferred tax liabilities

Note No. : 21 Other Current liabilities

(i) Non-current

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Lease Obligation (Refer Note 35(7))	62.04	0.09
Deferred Income	557.02	708.02
Total	**619.06**	**708.11**

(ii) Current

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances from customers	87.47	–
Statutory liabilities	75.35	124.16
Lease Obligation (Refer Note 35(7))	27.52	0.01
Deferred Income	222.81	188.81
Total	**413.15**	**312.98**

Notes forming part of financial statements

Note No. : 22 Revenue from operations

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of goods		
Solar Photovoltaic Cells and Modules	19,242.85	6,855.84
Other operating revenues		
Tolling charges	311.32	–
Total	**19,554.17**	**6,855.84**

Note No. : 23 Other income

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income on financial assets carried at amortized cost		
Loans	222.81	185.24
Security deposit	19.05	17.60
Other Interest Income	6.17	–
Other non-operating income		
Sundry balances written back	425.65	1,375.29
Liability no longer required written back	40.16	–
Insurance claim received	–	1.06
Miscellaneous income	376.08	149.46
Total	**1,089.92**	**1,728.65**

Note No. : 24 Cost of materials consumed

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening stock	1,506.71	806.78
Add: Purchases	12,716.06	6,961.24
Carriage Inward	363.30	332.10
	14,586.07	8,100.12
Less: Closing stock	590.78	1,506.71
	13,995.29	6,593.41
Silicon Wafers	7,178.34	1,918.05
Silver & Aluminium Paste	1,882.32	431.74
Other Materials	4,934.63	4,243.62
Total	**13,995.29**	**6,593.41**

Note No. : 25 Stores and Spares consumed

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening Stock	53.02	47.25
Add: Purchase	613.42	277.45
Less: Closing Stock	32.33	53.02
Total	**634.11**	**271.68**

Notes forming part of financial statements

Note No. : 26 Changes in inventories of finished goods and work-in-progress

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Finished Goods		
Opening stock	1,696.66	680.29
Less : Closing stock	141.43	1,696.66
Total (A)	1,555.23	(1,016.37)
Work- in-progress		
Opening stock	133.71	282.36
Less : Closing stock	439.39	133.71
Total (B)	(305.68)	148.65
Total	**1,249.55**	**(867.72)**

Note No. : 27 Power and Fuel

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Power and fuel	1,025.83	756.65
Electric charges	3.64	2.69
Total	**1,029.47**	**759.34**

Note No. : 28 Employee benefits expense

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, allowances, bonus and gratuity	850.89	864.69
Contributions to provident and other funds (Refer note no. 35 (4))	71.42	66.70
Staff welfare expenses	22.82	15.02
Total	**945.13**	**946.41**

Note No. : 29 Finance costs

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest		
On financial assets carried at amortised cost	284.37	284.17
On Loans	233.20	277.48
Other borrowing costs *	101.54	49.78
Total	**619.11**	**611.43**
* Includes Interest for late payment of statutory dues (Other than TDS)	12.85	1.08
*** Includes Interest on TDS**	**32.90**	**4.08**

Notes forming part of financial statements

Note No. : 30 Depreciation and amortisation expense

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation of property, plant and equipment	1,517.63	1,547.89
(Refer note no. 4)		
Amortisation of Right of use Assets	28.68	–
(Refer note no. 4)		
Amortisation of intangible assets	0.58	1.46
(Refer note no. 5)		
Total	**1,546.89**	**1,549.35**

Note No. : 31 Other expenses

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Rent	26.00	55.74
Repairs and maintenance to building	35.88	67.44
Repairs and maintenance to machinery	21.23	21.53
Repairs and maintenance to others	17.27	23.03
Insurance	29.17	9.69
Listing Fees	7.76	6.16
Rates & taxes	11.16	11.80
Carriage Outward	339.07	108.91
Conference and Meeting expenses	2.26	4.38
Director's Sitting fees	4.86	3.65
Donation	3.00	2.00
Advertisement and Selling Expenses	122.00	154.07
Bank Commission and Charges	5.49	3.58
Printing and Stationery	10.69	8.68
Professional and consultancy charges	210.65	201.11
Payment to Auditor*	7.90	5.00
Exchange Fluctuation Loss	22.75	535.64
Telephone charges	7.60	9.34
Travelling and Conveyance	98.16	65.38
Coolie & Cartage	0.09	0.11
Hire Charges	8.34	7.77
Security Expenses	14.22	10.63
Sundry Balances written off	55.41	242.56
Credit impairment for doubtful debt	4.96	1.83
Miscellaneous	115.45	50.03
Total	**1,181.37**	**1,610.06**

Payment to Auditor

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
As Auditor	3.00	3.00
For Taxation Matters	2.07	–
For other Services	2.83	2.00
Total	**7.90**	**5.00**

Notes forming part of financial statements

Note No. : 32 Exceptional Items

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss on sale of leasehold land	726.01	–
Total	**726.01**	**–**

Note No. : 33 Tax expense

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax	0.01	5.08
Deferred tax (Refer note no. 20)	(1,938.83)	–
Tax Expense	**(1,938.82)**	**5.08**

The Company has elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Asset as per the rate prescribed in the said section.

Consequently, MAT Credit-Deferred Tax Asset lapsed on account of option exercised under Section 115BAA(1) read with Section 115JAA(8) and adjusted with Other equity.

The reconciliation of estimated income tax to income tax expense is as below: (₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before tax	(1,282.84)	(2,889.47)
Statutory Income Tax Rate	25.17%	27.55%
Expected income tax expense at statutory income tax rate	(322.89)	(796.12)
(i) Carried forward losses	322.90	801.20
(ii) Impact of deferred tax	(1,938.83)	–
Tax Expense recognised in Statement of profit and loss/OCI	**(1,938.82)**	**5.08**

Note No. : 34 Earnings per share

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Amount used as the numerator (₹ in Lakh)		
Profit for the year - (A)	655.98	(2,894.55)
Weighted average number of equity shares outstanding used as the denominator for computing Basic Earnings per share - (B)	293.61	289.11
Weighted average number of equity shares outstanding used as the denominator for computing Diluted earnings per share - (C)	339.07	351.34
Nominal value of equity shares (₹)	10.00	10.00
Basic earnings per share (₹) (A/B)*	2.23	(10.01)
Diluted earnings per share (₹) (A/C)*	1.93	(8.24)

Notes forming part of financial statements

Note No. : 35 Other disclosures

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

(₹ in Lakh)

Sl. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
A.	Contingent liabilities :		
	Claims against the Company not acknowledged as debts :		
(i)	Excise duty and penalty*	187.54	187.54
(ii)	Trade payable- Liquidated damages	20.00	20.00
		207.54	**207.54**

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.

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.

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

2. The company has received 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 2020 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 ₹19.52 Lakhs (31st March 2019 - Nil) as follows:

(₹ in Lakh)

Sl. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	19.52	–
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	–	–
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made		
7	Further interest remaining due and payable for earlier years	–	–
		19.52	**–**

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 :

(₹ in Lakh)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Employer's Contribution to Provident Fund	58.82	49.25
Employer's Contribution to Employees' State Insurance Scheme	12.60	17.45

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.

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 there 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 ₹ 20 Lakhs).

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, 2020 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 31st March, 2020**	**Valuation As at 31st March, 2019**
Discount rate(s)	6.80%	7.60%
Expected rate(s) of salary increase	10.00%	10.00%

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

(₹ in Lakh)

Particulars	**For the year ended 31st March, 2020**	**For the year ended 31st March, 2019**
Current service cost	21.72	17.18
Past service cost and (gain)/loss from settlements	–	–
Net interest expense	10.33	7.90
Components of defined benefit costs recognised in profit or loss	**32.05**	**25.08**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense	0.05	(0.03)
Actuarial (gains) / losses arising from experience assumptions	(6.09)	27.66
Actuarial (gains) / losses arising from assumptions changes	20.02	–
Components of defined benefit costs recognised in other comprehensive income	**13.98**	**27.63**
Total	**46.03**	**52.71**

The current service cost and the net interest expense for the year are included in the "Employee benefit expenses" (Note 28) 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:

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Present value of funded defined benefit obligation	190.12	159.84
Fair value of plan assets	(16.68)	(15.55)
Funded status	**173.44**	**144.29**
Restrictions on asset recognised	–	–
Net liability arising from defined benefit obligation	**173.44**	**144.29**

Movements in the present value of the defined benefit obligations are as follows: (₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening defined benefit obligations	159.84	130.78
Current service cost	21.72	17.18
Interest cost	11.51	9.00
Actuarial (gains) / losses arising from experience assumptions	(6.10)	27.66
Actuarial (gains) / losses arising from financial assumptions	20.02	–
Benefits paid	(16.87)	(24.78)
Closing defined benefit obligation	**190.12**	**159.84**

Movements in the fair value of the plan assets are as follows: (₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening fair value of plan assets	15.55	14.42
Interest income	1.18	1.10
Return on plan assets (excluding amounts included in net interest expense)	(0.05)	0.03
Closing fair value of plan assets	**16.68**	**15.55**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment Details	Gratuity	Gratuity
	Funded	Funded
Scheme of insurance - conventional products	100%	100%

The following payments are expected contributions to the defined benefit plan in future years: (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
March 31, 2020	22.47	21.95
March 31, 2021	2.53	2.70
March 31, 2022	11.36	2.83
March 31, 2023	7.80	11.62
March 31, 2024	7.87	8.19
March 31, 2025 to March 31, 2029	82.25	80.11
Total expected payments	**134.28**	**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, 2020		For the year ended March 31, 2019	
Assumptions	Discount rate		Discount rate	
Sensitivity Level	+1 % increase	-1 % decrease	+1 % increase	-1 % decrease
Impact on defined benefit obligation	(12.90)	16.00	(12.20)	15.00
% Change compared to base due to sensitivity [+/(-)%]				

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Assumptions	Future salary increases		Future salary increases	
Sensitivity Level	+1 % increase	-1 % decrease	+1 % increase	-1 % decrease
Impact on defined benefit obligation	13.30	(11.60)	13.20	(11.50)
% Change compared to base due to sensitivity [+/(-)%]				

5. **Details of Loan, guarantee and Investments covered under section 186 (4) of the Companies Act, 2013 :**
All loans as disclosed in Note No.11 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**

a) The Company has adopted IND AS 116 “Leases” with the date of initial application being 1st April, 2019, using the modified retrospective method. On transition to IND AS 116, Right of use assets as at 1st April, 2019 for lease previously classified as financial lease were recognised and measured at an amount equal to lease liabilities and there is no impact on the retained earnings on account of the above information. Accordingly, previous period information has not been reinstated.

b) Lease Liabilities is being measured by discounting the lease payments using incremental borrowing rate i.e., 8.00% p.a.

c) The adoption of IND AS 116 resulted in recognition of ‘Right of Use’ asset of ₹ 114.71 Lakh and also Financial lease obligation amounting to ₹ 114.71 Lakh.

d) Changes in Carrying Value of “Right of Use (ROU) Assets is as follows: (₹ in Lakh)

Particulars	As at 31st March, 2020
Balance as at 1st April, 2019	–
Recognised on account of adoption of Ind AS 116 as at 1st April, 2019	114.71
Additions during the year	–
Depreciation for the year	(28.68)
Balance as at 31st March, 2020	**86.03**

Notes forming part of financial statements

e) Movement in Lease Liabilities: (₹ in Lakh)

Particulars	As at 31st March, 2020
Balance as at 1st April, 2019	–
Recognised on account of adoption of Ind AS 116 as at 1st April, 2019	114.71
Additions during the year	–
Finance Cost accrued during the year	8.44
Payment of lease liabilities for the year	33.59
Balance as at 31st March, 2020	**89.56**

f) The breakup of current and non-current lease liabilities as at March 31, 2020 is as follows: (₹ in Lakh)

Particulars	As at 31st March, 2020
Current Lease Liabilities	62.04
Non-Current Lease liabilities	27.52

g) The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows :

Particulars	As at 31st March, 2020
Less than One Year	33.87
One to Five year	67.75
More than Five year	–
	101.62

h) Amount Recognised in statement of profit and loss: (₹ in Lakh)

Particulars	As at 31st March, 2020
Interest on lease liabilities	8.44
Expenses relating to shorter term and low value leases	–
	8.44

i) Amount Recognised in statement of cash flows: (₹ in Lakh)

Particulars	As at 31st March, 2020
Total Cash outflow of leases including cash outflow for short term leases and leases of low value	17.84
	17.84

j) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes forming part of financial statements

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 Jhunjhunwala - Chief Financial Officer (Resigned from Whole Time Director w.e.f. 11.02.2020)
	Smt Sweta Sarraf - Company Secretary (Appointed on 30.11.2019)
	Smt Sweta Biyani - Company Secretary (Resigned on 29.03.2019)
ii) Other related parties	
Close members of KMP	Sangrima Enterprise - Relative of Managing Director is partner in the firm
Significant influence entities	S.L Industries Pvt. Ltd. (Promoter Company)
	Shalimar Hatcheries Ltd.
	Sona Vets Pvt. Ltd.

b) Transactions with Related parties : (₹ in Lakh)

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	–	90.00	–	90.00
	(–)	(90.26)	(–)	(90.26)
Smt. Sima Jhunjhunwala	(–)	(18.87)	(–)	(18.87)
	–	–	–	–
Smt. Sweta Biyani	–	–	–	–
		(2.19)		(2.19)
Smt. Sweta Sarraf	–	1.06	–	1.06
	–	–	–	–
(ii) Unsecured Loan taken				
S.L Industries Pvt. Ltd.	72.97	–	–	72.97
	–	–	–	–
(iii) Unsecured Loan Repayment				
S.L Industries Pvt. Ltd.	54.69	–	–	54.69
	–	–	–	–
Sona Vets Pvt. Ltd.	16.42	–	–	16.42
	–	–	–	–
(iv) Purchase of Goods				
Sangrima Enterprise	–	–	15.00	15.00
	(–)	(–)	(37.01)	(37.01)
(v) Amount paid for purchase				
Sangrima Enterprise	–	–	14.34	14.34
	(–)	(–)	(62.74)	(62.74)
(vi) Sale of Goods				
Sangrima Enterprise	–	–	–	–
	(–)	(–)	(4.64)	(4.64)
(vii) Amount Received for Sale				
Sangrima Enterprise	–	–	7.28	7.28
	(–)	(–)	–	–

Notes forming part of financial statements

(₹ in Lakh)

Nature of transaction/ Name of related party	Significant Influence Entities	Key Managerial Personnel (KMP)	Close members of KMP	Total
Balance outstanding as at the year end:				
(i) Trade payable outstanding at the end of the year				
Sangrima Enterprise	–	–	(37.67)	(37.67)
	(–)	(–)	(37.01)	(37.01)
(ii) Trade receivable outstanding at the end of the year				
Sangrima Enterprise	–	–	–	–
	(–)	(–)	(7.28)	(7.28)
(iii) Unsecured Loans Taken				
S.L Industries Pvt. Ltd.	18.28	–	–	18.28
	–	–	–	
Sona Vets Pvt. Ltd.	414.17	–	–	414.17
	(430.59)	–	–	(430.59)
Shalimar Hatcheries Ltd.	1,225.44	–	–	1,225.44
	(1,225.44)	–	–	(1,225.44)

c) Details of Remuneration paid/ payable to KMP

(₹ in Lakh)

Particulars	Mr. S.L. Agarwal	Smt Sima Jhunjhunwala	Smt Sweta Sarraf	Smt Sweta Biyani	Total
Short - term employee benefits					
Salary	79.79	17.33	0.50	0	97.62
	(79.82)	(16.12)	(–)	(1.80)	(97.74)
Perquisites	3.50	2.22	0.50	0	6.22
	(3.73)	(1.41)	(–)	(0.15)	(5.29)
	83.29	19.55	1.00	0	103.86
	(83.55)	(17.53)	(–)	(1.95)	(103.03)
Post employment benefits					
Contribution to provident fund, gratuity and other funds	6.71	1.43	0.06	0	8.20
	(6.71)	(1.34)	(–)	(0.24)	(8.29)
	90.00	20.98	1.06	0	112.04
	(90.26)	(18.87)	(–)	(2.19)	(111.32)

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, 2019.

Notes forming part of financial statements

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

A. Financial instruments by category

As at 31st March, 2020 (₹ in Lakh)

Sl. No.	Particulars	Refer Note No.	Total Fair Value	Carrying value			
				Amortized cost	FVTOCI	FVTPL	Total
(1)	**Financial assets**						
(a)	Trade receivables	8	1,775.43	1,775.43	–	–	1,775.43
(b)	Cash and cash equivalents	9	51.97	51.97	–	–	51.97
(c)	Bank Balances other than Cash and cash equivalents	10	–	–			–
(d)	Loans	11	531.36	531.36	–	–	531.36
(e)	Other financial assets	6	347.05	347.05	–	–	347.05
	Total		**2,705.81**	**2,705.81**	**–**	**–**	**2,705.81**
(2)	**Financial liabilities**						
(a)	Borrowings	16	6,817.58	6,817.58	–	–	6,817.58
(b)	Trade payables	17	8,693.98	8,693.98	–	–	8,693.98
(c)	Other financial liabilities	18	1,544.02	1,544.02	–	–	1,544.02
	Total		**17,055.58**	**17,055.58**	**–**	**–**	**17,055.58**

As at 31st March, 2019 (₹ in Lakh)

Sl. No.	Particulars	Refer Note No.	Total Fair Value	Carrying value			
				Amortized cost	FVTOCI	FVTPL	Total
(1)	**Financial assets**						
(a)	Trade receivables	8	965.68	965.68	–	–	965.68
(b)	Cash and cash equivalents	9	7.49	7.49	–	–	7.49
(c)	Bank Balances other than Cash and cash equivalents	10	0.35	0.35			0.35
(d)	Loans	11	531.36	531.36	–	–	531.36
(e)	Other financial assets	6	345.81	345.81	–	–	345.81
	Total		**1,850.69**	**1,850.69**	**–**	**–**	**1,850.69**
(2)	**Financial liabilities**						
(a)	Borrowings	16	7,596.89	7,596.89	–	–	7,596.89
(b)	Trade payables	17	11,385.85	11,385.85	–	–	11,385.85
(c)	Other financial liabilities	18	914.44	914.44	–	–	914.44
	Total		**19,897.18**	**19,897.18**	**–**	**–**	**19,897.18**

B. 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, 2020 Nil (31st March, 2019 : Nil).

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: (₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables (Gross)	1,780.39	973.80
Less: Expected Credit Loss	(4.96)	(8.12)
Trade Receivables (Net)	**1,775.43**	**965.68**

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	8.12	6.29
Charge/(Credit) in Statement of Profit and Loss	(3.16)	1.83
Balance at the end of the year	**4.96**	**8.12**

(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 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.

(₹ in Lakh)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
As at 31st March, 2020				
Borrowings (excluding interest)	2,836.83	3,980.75	–	6,817.58
Trade payables	5,570.59	3,123.39	–	8,693.98
Other financial liabilities	1,544.02	–	–	1,544.02
Total	**9,951.44**	**7,104.14**	**–**	**17,055.58**
As at 31st March, 2019				
Borrowings (excluding interest)	4,070.76	2,881.11	645.02	7,596.89
Trade payables	8,102.92	3,282.93	–	11,385.85
Other financial liabilities	914.44	–	–	914.44
Total	**13,088.12**	**6,164.04**	**645.02**	**19,897.18**

(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 :- (₹ in Lakh)

Nature	Currency	As at 31st March, 2020	As at 31st March, 2019
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	98.95	105.64
	EURO	**0.27**	**18.42**

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.

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, 2020 and 31st March, 2019.

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net debt	7,715.61	7,589.40
Total equity	12,711.39	12,387.50
Net debt to equity ratio	**0.61**	**0.61**

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

Notes forming part of financial statements

12 Recent Accounting Pronouncements:

New and revised standards adopted by the Company

The Company has adopted IND AS 116 "Leases" with the date of initial application being 1st April, 2019, using the modified retrospective method. On transition to IND AS 116, Right of use assets as at 1st April, 2019 for lease previously classified as financial lease were recognised and measured at an amount equal to lease liabilities and there is no impact on the retained earnings on account of the above information. Accordingly, previous period information has not been reinstated.

The adoption of IND AS 116 resulted in recognition of 'Right of Use' asset of ₹ 114.71 Lakh and also Financial lease obligation amounting to ₹ 114.71 Lakh.

13 The outbreak of Coronavirus (COVID-19) is causing significant disturbance and slowdown of economic activity in India and across the globe. The Company has evaluated the impact of this pandemic in its business operations. Based on its review and current indicators of economic conditions, there is no significant impact on its financial results for the year ended 31-03-2020. The Company will continue to closely monitor any material changes arising from future economic conditions and impact on its business.

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.

As per our report of even date attached.

For G. P. AGRAWAL & CO.
Chartered Accountants
Firm's Registration No. - 302082E

For and on behalf of the Board of Directors
Websol Energy System Limited

(CA. Rakesh Kumar Singh)	**S.L.Agarwal**	**Dharmendra Sethia**	**Sweta Sarraf**
Partner	*Managing Director*	*Director*	*Company Secretary*
Membership No. 66421	DIN No. 00189898	DIN No. 06775533	Membership No. : 54355

Place of Signature: Kolkata
Date: The 31st day of July, 2020

Board of Directors

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

Mr. D Sethia, *Independent Director*

Mr. D. Kaushik, *Independent Director*

Mr. R.Ojha, *Independent Director*

Mr. Vishal Jayprakash Vithlani, *Nominee Director*

Chief Financial Officer

Ms. Sima Jhunjhunwala

Company Secretary

Ms. Sweta Sarraf

Bankers

Axis Bank

Federal Bank

Yes Bank

Indusind Bank

State Bank of India

Auditor

G. P. Agrawal & Co.- Chartered Accountants

Registered and Corporate Office

Registered office

48, Pramatha Choudhary Sarani
Plot No.849, Block - P, 2nd Floor
New Alipore Kolkata – 700 053

Phone: (033) 2400 0419
Fax: 2400 0375

Corporate office and plant

Sector - II, Falta Special Economic Zone
Falta, 24 Parganas (South), Pin - 743504
West Bengal, India

Phone: 03174 222932
Fax: 03174 222933

CIN: L29307WB1990PLC048350

E-mail: websol@webelsolar.com
Website: www.webelsolar.com

Registrar & Share Transfer Agents

R & D Infotech Pvt. Ltd.
7A, Beltala Road, 1st Floor
Kolkata – 700026

Phone: +91 33 2419 2641/42
Fax: +91 33 2476 1657
E-mail: rd.infotech@vsnl.net

WEBEL SOLAR

Websol Energy System Limited

Sector - II, Falta Special Economic Zone, Falta,
24 Parganas (South), Pin - 743504,
West Bengal, India

Ph. No.: 03174-222932
Fax No.: 03174-222933.

CIN: L29307WB1990PLC048350

Email: investors@webelsolar.com
Website: www.webelsolar.com