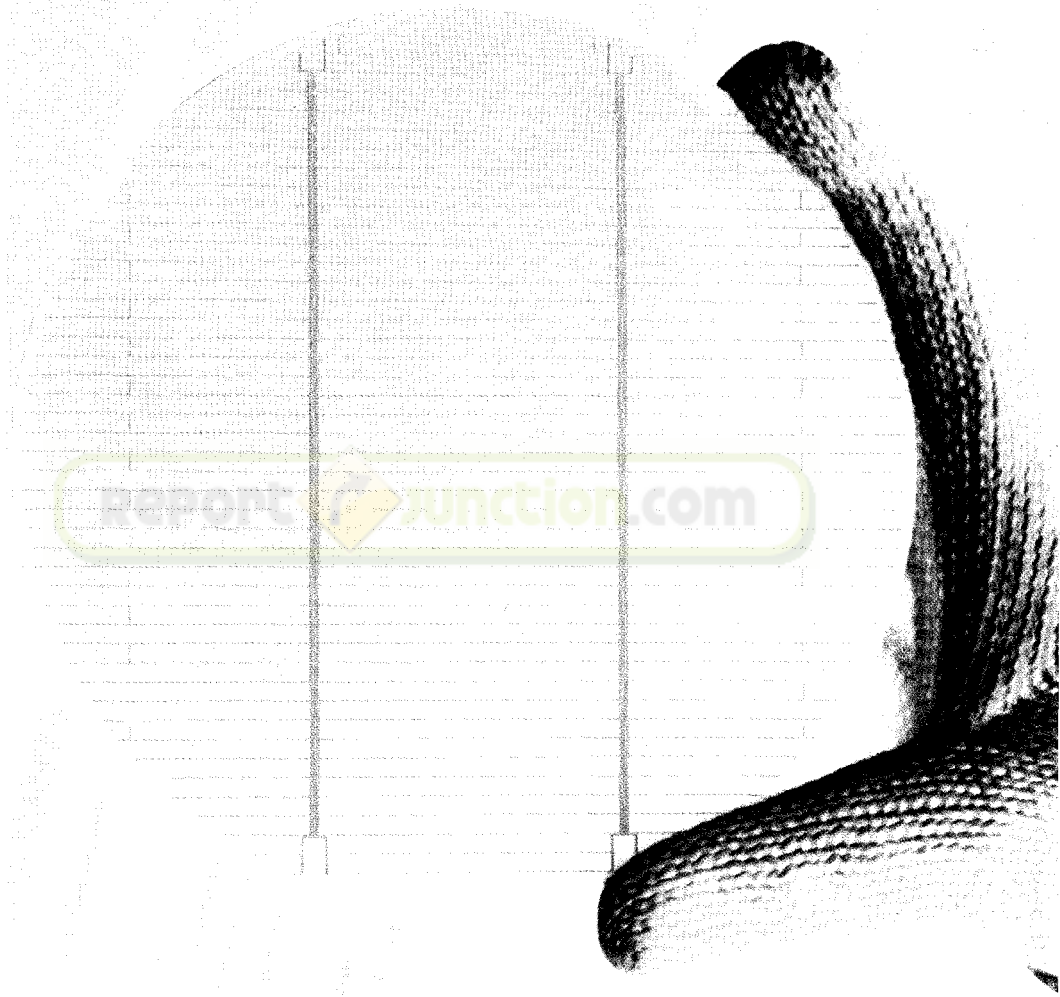


Bringing light into people's lives.



Webel-SL Energy Systems Limited
Annual Report 2002-3

Forward-looking statement

In our report we have disclosed forward-looking information so that investors can comprehend the company's prospects and make informed investment decisions. This annual report and other written and oral statements that we make periodically contains such forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words and terms of similar substance in connection with any discussion of future operations or financial performance. We do not guarantee that any forward-looking statement will be realised, although we believe we have been diligent and prudent in our plans and assumptions. The achievement of future results is subject to risks, uncertainties and validity of inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Notice to Members

NOTICE is hereby given that the Thirteenth ANNUAL GENERAL MEETING of WEBEL SL ENERGY SYSTEMS LIMITED will be held at Webel Bhavan, Block EP and GP, Sector – V, Salt Lake Electronics Complex, Kolkata - 700091, on 29th September 2003 at 11: 30, to transact the following business:

AS ORDINARY BUSINESS

1. Receive, consider and adopt the balance sheet as at March 31, 2003 and the profit and loss account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To Appoint M/s Agarwal Sanganerla & Co., as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. M/s Agarwal Bhuwania & Co. has express their unwillingness to be appointed as Auditors

AS SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution.

RESOLVED THAT, due notice having been received under section 257 of the Companies Act, 1956, Mr. S. K. Pal, who was appointed as an Additional Director and who vacates office at this meeting, be and is hereby appointed as Director of the company and that he shall be liable to retire by rotation.

4. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution.

RESOLVED THAT, due notice having been received under section 257 of the Companies Act, 1956, Mr. S. P. Bangar, who was appointed as an Additional Director and who vacates office at this meeting, be and is hereby appointed as Director of the company and that he shall be liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution.

RESOLVED THAT, due notice having been received under section 257 of the Companies Act, 1956, Mr. Freddy Goh, who was appointed as an Additional Director and who vacates office at this meeting, be and is hereby appointed as Director of the company and that he shall be liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION.

RESOLVED THAT, pursuant to Section 31 of the Companies Act and also to other applicable rules and regulations the Articles of Association of the Company be altered so as to substitute Clause 93 of the article of Association by the new clause.

93. Until otherwise determined by the company in the General Meeting, each Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a committee of the Board, a Fee (as prescribed by the Board subject to the limit stipulated as per the provision of Companies Act, 1956 from time to time) per meeting of the Board or committee of the Board attended by him. All other remuneration, if any, payable by the company to each Director, shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid all fees for filing documents which they may be paid, their reasonable traveling and hotel and other expenses incurred in consequence of their attending and returning from meeting of the Board or Committee thereof or otherwise properly incurred in the execution of their duties as directors.

By order of the Board of Directors

S. Sengupta
Asst. Company Secretary

Place: Kolkata

Date: 20-08-2003



NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the company. Proxies, in order to be effective, must be received at the Registered Office of the company not less than forty-eight hours before the commencement of the meeting.
2. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and Share Transfer Books of the company will remain closed from 23rd September 2003 to 29th September 2003 (both days inclusive).
4. The shareholders are requested to send all the Share transfers request queries and correspondences to the company directly at the registrar office.
5. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate the company the ledger folios of such accounts to enable the company to consolidate all such shareholdings into one account.

Annexure to the Notice

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement Sets out all the material facts relating to the items of Special Business at item Nos. 3, 4, 5 and 6 of the Notice dated 20th August 2003 and the same should be taken as forming part of the Notice.

Item No. 4

Mr. S. K. Pal who was appointed as an Additional Director is herewith proposed to be appointed as Director liable to be retire by rotation. Mr. S. K. Pal is a retired bank official & he has a vast experience and knowledge in the field of accounts. His appointment as a Director will ensure that your company continues to reap the benefits of his vast knowledge.

The Board of Directors recommends passing of the proposed resolution.

Item No. 5

Mr. S. P. Bangar was appointed on 5th February 2003 as an Additional Director. He is an eminent businessman, His long association with the business world has made him a specialised person in the fields of business finance & other corporate laws. His presence in our Board will immensely help the company to leap towards the future with certainty.

The Board of Directors recommends passing of the proposed resolution.

Item No. 6

Mr. Freddy Goh became an Additional Director of our company on 28th November 2002. He is Managing Director of International Semiconductor PTE Ltd. He is also on the Boards of Zantron PTE Ltd. and Semiconductor Alliance PTE Ltd. His long association with the semiconductor industry will help our company take quality decisions thereby modernising the company.

The Board of Directors recommends passing of the proposed resolution.

Item No. 7

In the view of the practical considerations and to make the sitting fees of the Directors honorable it is proposed that the fees be raised from Rs. 250/- to such amount as deemed fit to the Board of Directors subject to the maximum limit as prescribed by the Government from time to time.

In the view of the above, it is necessary to change article 93 of Article of Association.

The Board of Directors recommends passing of the proposed resolution.

Futuristic business.

Webel SL Energy Systems Limited is one of the few companies in India to manufacture solar photovoltaic cells that transform sunlight into electricity.

With five MW of installed capacity, the company accounts for more than one per cent of the world's capacity, is the second largest Indian producer and among the few in the world to possess the specialised recycled technology.

WEBEL-SOLAR exports more than 80 per cent of its production to developing countries in Africa and South East Asia and to developed nations like USA, UK, Germany and Australia.

WEBEL-SOLAR has emerged as a versatile producer. Its range of 10 watt to 120 watt (150 watt by end of 2003), is among the most comprehensive in the world, satisfying diverse requirements.

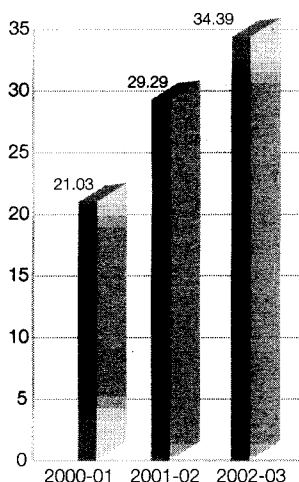
WEBEL-SOLAR was jointly promoted by Webel, a West Bengal state government organisation, and S L Agarwal in 1991. The company turned around in 1999-2000. In 2000, the former divested its stake in favour of the latter. The company's operations are based out of Kolkata, West Bengal.

WEBEL-SOLAR's turnover increased 17.41 per cent to Rs. 34.39 cr in 2002-3 while its profit before tax increased 3.3 per cent to Rs. 2.51 cr. The company's stock is listed on the Bombay Stock Exchange and Calcutta Stock Exchange. Its market capitalisation stood at Rs. 3.58 cr as on 31 March 2003. The promoters and associates hold more than 60 per cent stake in the company's equity.

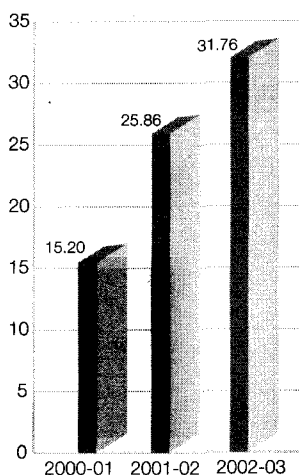
What we achieved in 2002-3

- We wiped out our accumulated losses in the first quarter.
- We increased turnover from Rs. 29.29 cr in 2001-2 to Rs. 34.39 cr.
- We increased EBIDTA from Rs. 4.63 cr in 2001-2 to Rs. 5.62 cr accompanied by an increase in EBIDTA margin from 15.81 per cent in 2001-2 to 16.34 per cent.
- We strengthened exports from Rs. 25.86 cr in 2001-2 to Rs. 31.76 cr.

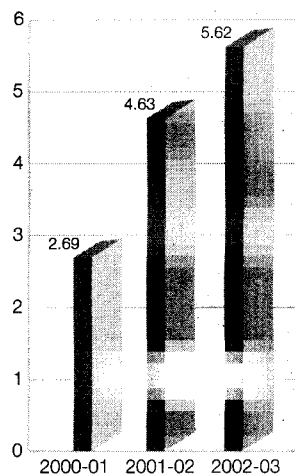
Turnover (Rs/cr)

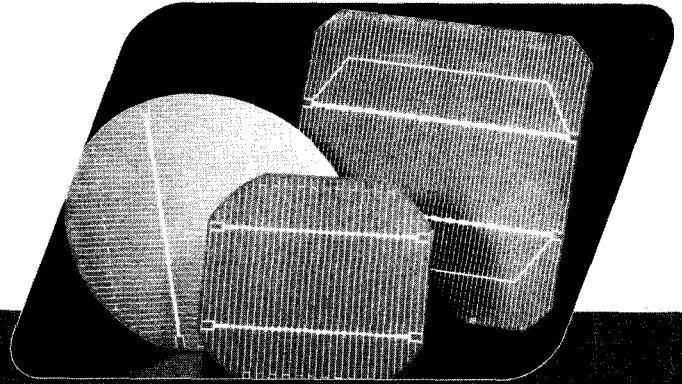


Exports (Rs/cr)



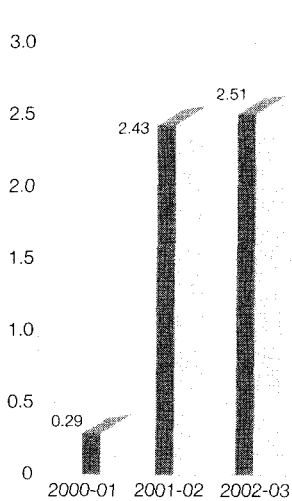
EBIDTA (Rs/cr)



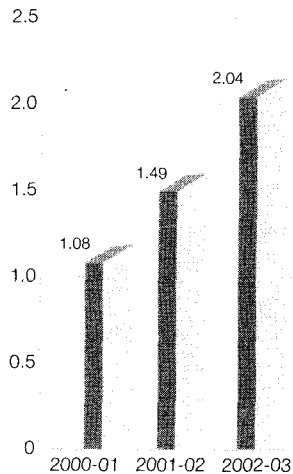


- We reduced capital employed by Rs. 2.78 cr to Rs. 16.83 cr in 2002-3 as well as working capital from Rs.8.34 cr to Rs.4.24 cr in 2002-3, despite a 17.41 per cent rise in turnover.
- We embarked on doubling our installed capacity to five MW out of internal accruals, which will strengthen our position as the second largest Indian SPVC manufacturer.
- We strengthened our product range with the successful launch of the 120-watt cell in January 2003.

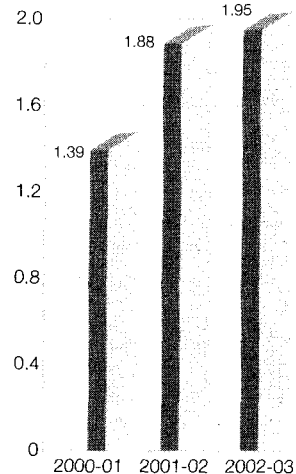
PBT (Rs/cr)



Capital employed turnover (times)



Fixed asset turnover (times)



“We strengthened the foundation of our business”

Mr. S. L. Agarwal reviews the company's performance in 2002-3.

reportjunction.com

Q Were you pleased with the performance of the company in 2002-3?

Absolutely! Our turnover increased 17.41 percent, exports increased 22.8 percent and EBIDTA strengthened from Rs 4.63 cr in 2001-2 to Rs.5.62 cr in 2002-3. But the quality of our performance is not easily evident in our numbers: we strengthened our business in a qualitative kind of way, the impact of which will be reflected in our performance over the coming years.

Q In what ways did you strengthen the business?

In a number of integrated ways. For instance, we expanded our

installed capacity at a fraction of our initial project cost. We reinforced this competitive edge with certifications from reputable agencies – Underwriter Laboratories and Ispra - for the products that will come out of our expanded capacity. We made a significant inroad into the quality conscious Australian market. And we successfully evolved our product mix from 90-watt cells towards value-added 120-watt cells during the course of the year under review. As a result, one initiative will help us significantly reduce our cost of production, the other will help us retain our customers in the existing markets, will enable us to go deep into new geographies with a

complementary seasonal demand pattern and enable us to fetch a higher value-addition.

Q Why was the aggressive expansion from 2.5 MW to 5 MW necessary?

To strengthen our competitive edge. This doubling was done with only seven months of our cash flow at a fraction of the cost per installed MW that it took us when we commenced commercial production in 1995. The reduction in installed cost has made us more competitive and will enable us to set a price trend in select markets in exchange for market share. The increased output will extend to value-added cell types, which will



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strengthen our margins. Besides, until 2002-3, our production could service only a handful of clients, which restricted our reach and any attrition in which could pose a big risk. As a result, the expansion has strengthened our business model across a number of fronts.

Q One question is how the company expanded its capacity at a seventh of the original cost?

By leveraging its deep technology insight. The result: we fabricated a number of our capital assets and complemented them with critical imported equipment. This enabled us to reduce our project cost to the minimum and strengthen our competitive edge. As a result, post-

expansion, we will be able to enhance our production to make upto value-added 150 watt cells. This technology versatility will empower us to cater to the demands of a wide customer range, graduating us to a one-stop shop in solar energy solutions.

Q What is high on your agenda for 2003-4?

Our optimism for 2003-4 is based on a number of safe assumptions: increased output, richer product mix, lower cost, better return markets, lower interest outgo and a stronger certification-driven brand equity.

Q How does the company expect

to enhance shareholder value?

Essentially through a sound business strategy that enhances our competitive edge. We recognise that we have kept a low profile over the years: a transparent annual report is one step towards enhancing our image in line with our fundamentals. We recognise that we have not been able to reward our shareowners with a dividend even though all accumulated losses have been wiped out. This delay is a result on account of a deferred tax liability, which we expect to clear over the foreseeable future, following which we expect to reward our shareholders for their patience.