

Inflection point

Websol Energy System Limited
Annual Report 2019-20

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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.

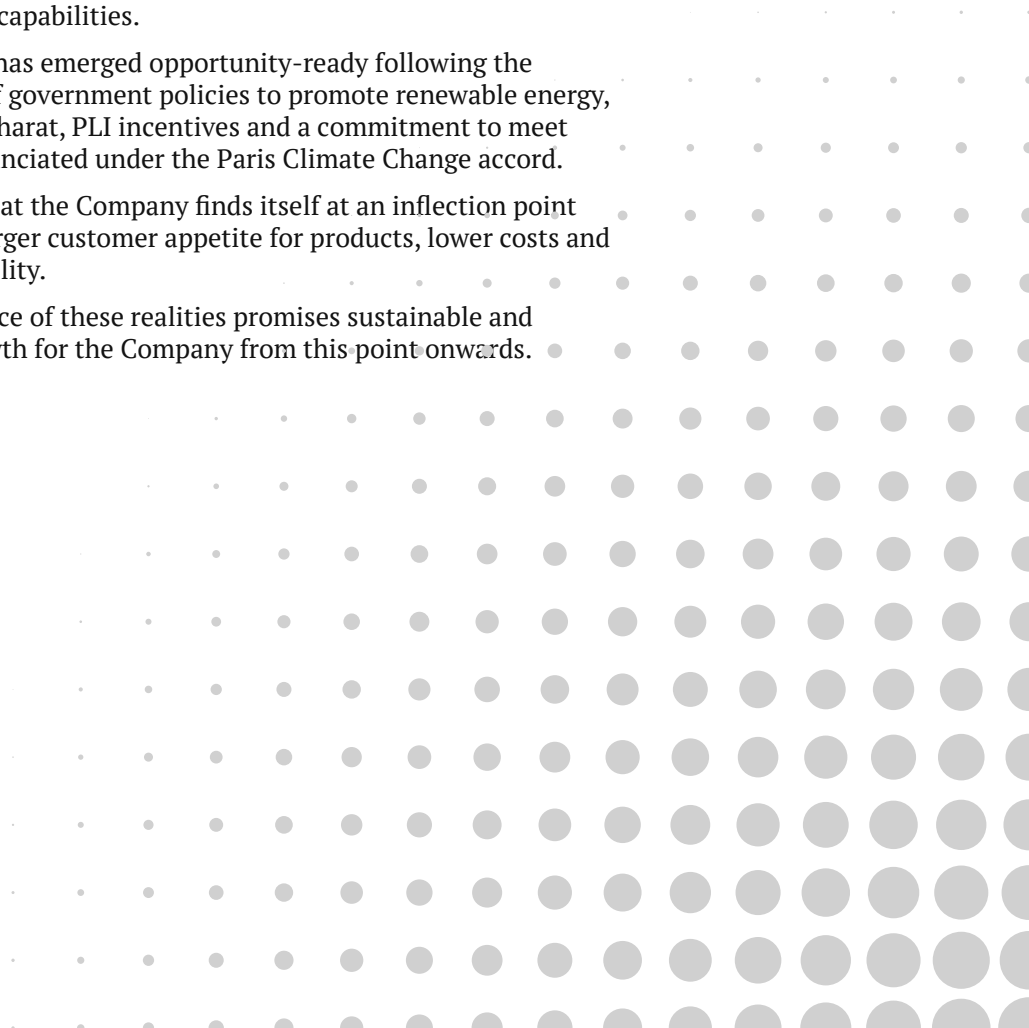
The Company pioneered the manufacture of solar cells in India; it is among the five largest companies in the manufacture of solar cells and modules in India today.

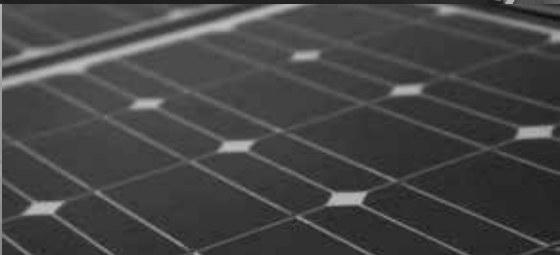
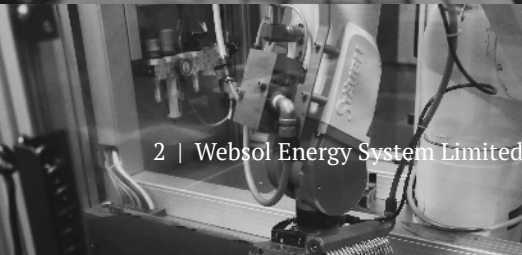
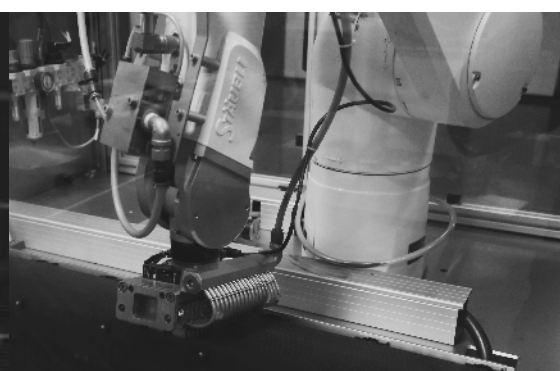
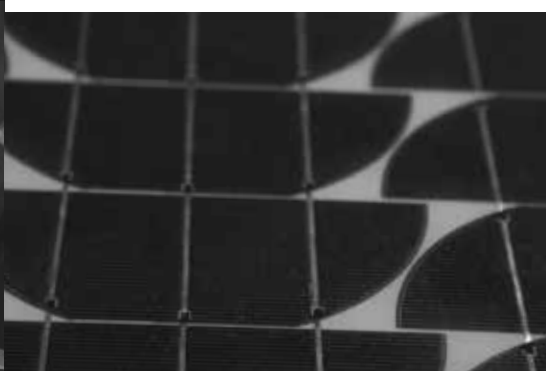
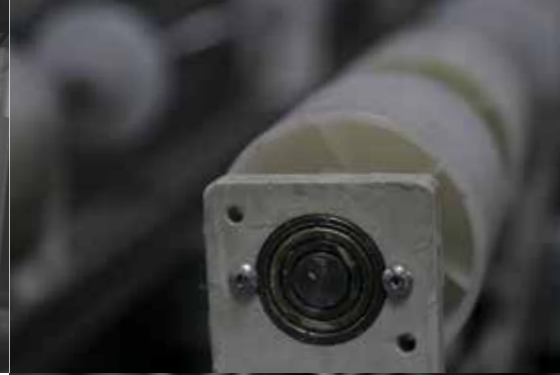
During this challenging phase marked by changes in political will, technologies and market acceptance, the Company invested in capacities and capabilities.

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.

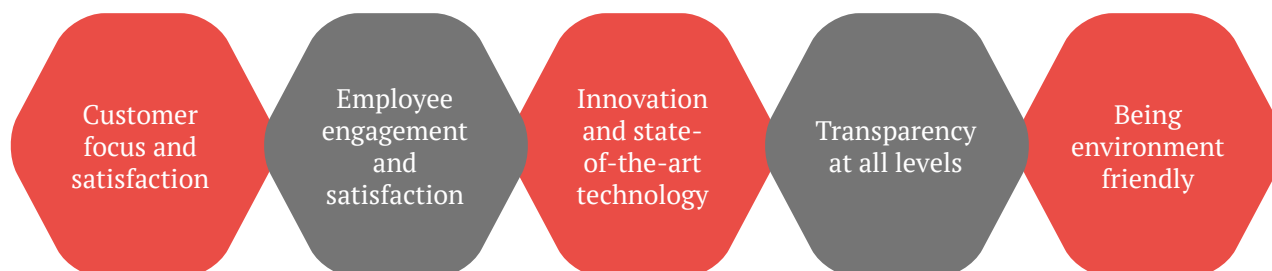
05

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:



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 ISPR 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 CO₂ 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.

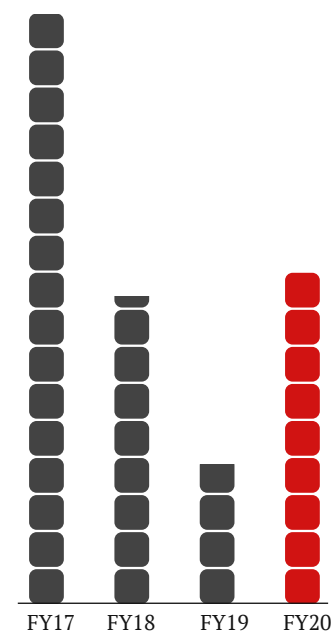
2019-20

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)

| | | | |
|--------|--------|-------|---------|
| 370.77 | 194.26 | 85.85 | 206.441 |
|--------|--------|-------|---------|



Definition

Growth in sales net of taxes.

Why is this measured?

It highlights the extent of acceptance of the Company's products.

Performance

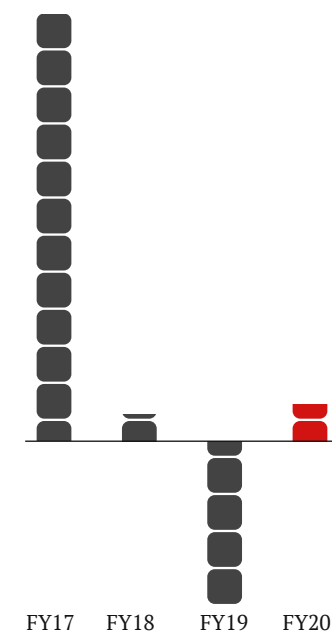
Aggregate sales increased 140% to ₹206.44 Crore in FY 2019-20 due to increasing demand and improved footprint.

Value impact

Creates a robust growth engine on which to build profits.

Profit after tax (₹ Crore)

| | | | |
|-------|------|---------|------|
| 79.35 | 4.78 | (29.85) | 6.56 |
|-------|------|---------|------|



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

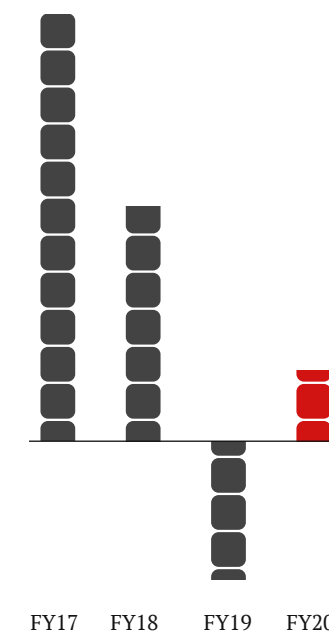
The Company reported an increase in its profit after tax in FY 2019-20 – reflecting the resilience of the business model in growing shareholder value despite external vagaries.

Value impact

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

EBITDA margin (%)

| | | | |
|-------|-------|--------|------|
| 26.00 | 14.21 | (8.50) | 4.27 |
|-------|-------|--------|------|



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.

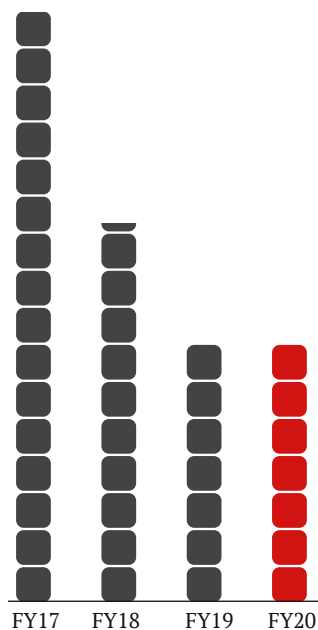
Performance

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) |
|-------------------|-----|
| 1.40 | |
| 0.90 | |
| 0.61 | |
| 0.61 | |



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.

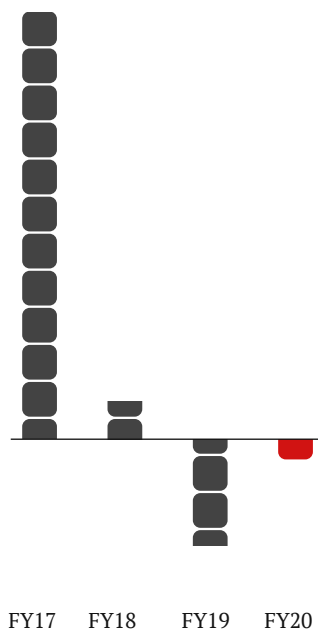
Performance

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 | (%) |
|---------|-----|
| 54.10 | |
| 5.18 | |
| (12.96) | |
| (2.69) | |



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.

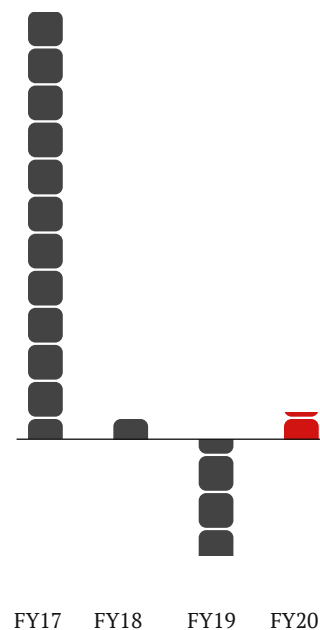
Performance

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

Value impact

Enhanced ROCE can potentially drive valuations.

| Earnings per share | (₹) |
|--------------------|-----|
| 36.11 | |
| 1.93 | |
| (10.01) | |
| 2.23 | |



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