

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report of the Company together with the Audited financial Statements for the financial year ended 31st March, 2018:

1. Financial Results

Particulars	(₹ Lakhs)	
	31st March, 2018	31st March, 2017
Income from Operations	42.84	106.31
Less: Duties and Taxes		0.00
Net Income from Operations	42.84	106.31
Other Income	41.89	7.97
Profit(+)/Loss(-) Before depreciation, Interest and Tax	(146.95)	(170.11)
Interest & Financial Charges	3.51	1.80
Depreciation	6.51	30.80
Exceptional items	2.31	72.95
Profit(+)/Loss(-) Before Tax	(158.92)	(275.66)
Provision for Income Tax	0.00	0.00
Deferred Tax	0.00	0.00
Prior period adjustments	0.00	0.00
Profit(+)/Loss(-) After Tax	(158.92)	(275.66)
Dividend (%)	0.00	0.00
Equity Capital (Rs.)	227743970	227743970
Earnings per Share (Rs.)	-0.70	-1.21

2. Results of Operations and State of the Company's Affairs

During the year, your Company has achieved ₹ 42.84 lakhs revenues as compared to previous year revenues of ₹ 106.31 lakhs. The company has incurred a loss of ₹ 158.92 lakhs as against a loss of ₹ 275.66 lakhs for the previous year.

3. Dividend

Your Directors express their inability to recommend dividend during the year due to non-availability of surplus.

Certifications

Your company has automated state-of-the-art manufacturing facilities and sophisticated equipments to manufacture high quality telecom and energy products. Your company is an ISO 9001:2000 certified Company. It has a system driven process for manufacturing of various products and has a set of well defined quality process at every stage of production to ensure delivery of high quality products and services.



SPV modules are made as per ISO 9001:2000 international quality standards and are certified for UL, German TV certification and IEC certification.

4. Particulars of Loans, Guarantees or Investments

The Company has given loan in the form of advances to its Joint Venture Company i.e. Saptashva Solar Limited. The details of the loan given by the company are given in the notes to the financial statements. The advances were provided over the year for day to day funding of expenses of the Joint Venture company for payments towards its statutory liabilities and expenses for performing the Annual Maintenance Contracts of the JV company.

5. Transfer to Reserves

There is no profit earned or positive generation of cash during the year, hence the directors have not proposed to transfer any amount to reserves during the financial year under review.

6. Internal Financial Control Systems and their adequacy

The Company has does not have adequate system of internal control due to low and negligible quantum of operations. However, the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

7. Related Party Transactions

None of the transactions with related parties falls under the scope of Section 188(1) of the Act.

8. Fixed Deposits

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

9. Change in the nature of business, if any

There is no material change in the nature of business affecting the financial position of the Company for the year ended March 31, 2018.

10. Joint Venture

M/s Saptashva Solar Limited engaged in Erection, Procurement and Commissioning of Solar Panels is the Joint Venture of your Company where your Company holds 48.97% equity stake.

Information on Joint Venture pursuant to Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 is given in Annexure - 2 in Form AOC-2 and the same forms part of this report.

11. Subsidiary Company

M/s Saptashva Solar SA, Spain is the wholly owned subsidiary of your Company.

Information on Subsidiary pursuant to Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 is given in Annexure - 1 in Form AOC-1 and the same forms part of this report.



12. Directors and Key Managerial Personnel

Mr Aneesh Mittal, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Aneesh Mittal, Whole time Director shall be re-appointed for a period of one year with effect from 26th October, 2018. Mr Dinesh Kumar, Managing Director of the Company whose tenure is due for expiry on 31st May, 2018 has been reappointed for a further period of five years w.e.f. 01st June, 2018 at the Board Meeting held on 30th May, 2018 by passing an ordinary resolution which shall be ratified by the shareholders in the Annual General Meeting.

For the perusal of the shareholders, a brief resume of the Directors being appointed/ re-appointed along with necessary particulars is given in the explanatory statement to the notice. The Board of Directors recommend the re-appointment.

13. Statement on declaration given by Independent Directors under Section 149(6) of the Companies Act, 2013

The Independent Directors have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

14. Policy on Directors' Appointment and Remuneration and other details

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Directors' Report.

15. Number of Meetings of the Board

Five meetings of the Board were held during the year viz. 05th June, 2017, 16th August, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

16. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out an annual performance evaluation of its own as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committees.

17. Audit Committee

The details pertaining to the composition of Audit Committee are included in the Corporate Governance Report, which forms part of this report.

18. Statement on Compliance of applicable Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued time to time by the Institute of Company Secretaries of India.



19. Risk Management Policy

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

Therefore, in accordance with section 134(3) (n) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

20. Details of significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

As explained in Note no. 5 of Notes on Accounts, some of the lender banks have assigned their secured debt in favour of Asset Reconstruction Companies (ARC's). There are no orders passed by the DRT or any other regulators/courts which impact the going concern status of the Company.

21. Vigil Mechanism

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a vigil mechanism policy. This policy is explained in corporate governance report and also posted on the website of company.

22. Statutory Auditors

In accordance with the provisions of Section 139 and other applicable provisions of the companies Act, 2013 read with the companies (Audit and Auditors) Rules, 2014 and such other applicable rules if any, the company proposes to appoint M/s. VNR Associates, Chartered Accountants (Firm Registration No. 004478S), Hyderabad as Statutory Auditors for a period of five years from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 36th Annual General Meeting. M/s. VNR Associates, Chartered Accountants (Firm Registration No. 004478S), Hyderabad as Statutory Auditors of the company requires approval of the members and in this regard, necessary Resolutions are being placed before the members at the forthcoming Annual General Meeting for their approval.

23. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed R & A Associates, a firm of Practicing Company Secretaries, Hyderabad to undertake the Secretarial Audit of the Company.



24. Directors' Responsibility Statement

In terms of Section 134 (5) of the Companies Act, 2013, your Directors confirm that

- (i) in the preparation of the annual accounts for the Financial Year 31st March, 2018, the applicable accounting standards have been followed and there are no material departures.
- (ii) the Directors had 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 financial year ended on 31st March, 2018 and of the loss of the Company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the accounts for the financial year ended 31st March, 2018 on a 'going concern' basis.
- (v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively in view of the level of operations.
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

25. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy:

Due to low quantum of operations currently, the Company requires a low level of energy consumption.

Research and Development (R&D):

The Company continues to look at opportunities in the areas of research and development in its present range of activities.

Technology Absorption:

The Company continues to use the latest energy devices for improving the quality of its products. The Company has not imported any technology during the year.

Foreign Exchange Earnings and Outgo:

During the year under review, there are no foreign exchange earnings and outgo.

26. 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 employees of the Company is as follows:

The Company has one Managing Director and a Whole time Director and due to financial constraints being faced by the company they have forgone remuneration.

The Particulars of the Employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:



- a) Employed throughout the year - Nil
- b) Employed for part of the year - Nil

The remuneration paid to all Key management Personnel was in accordance with remuneration policy adopted by the company.

- (a) 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:
 - (I) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year – Not Applicable.
 - (II) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year – NIL.
 - (III) The percentage increase in the median remuneration of employees in the financial year- Not Applicable.
 - (IV) The number of permanent employees on the rolls of company–02.
 - (V) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparisons 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. - Not Applicable.
 - (VI) The Company affirms that the remuneration is as per the remuneration policy of the Company.

27. Current Status of the Company

The Lender Bankers namely the SBI, SBH, SBM & IDBI, who are part of the secured creditors of the Company have assigned their secured debt in the Company in favour of Invent Assets Securitisation and Reconstruction Private Limited, an Asset Reconstruction Company (ARC), Federal Bank being one of the lender banks has assigned its debt in favour of JM Financial Asset Reconstruction Company (ARC) during the financial year 2017-18. The banks led by Invent ARC has since, initiated steps for the realization of the debt assigned to it by way of auction/sale of identified Secured Assets. In such process, the Company's Cherlapally Unit and Shed No. 30 at Mallapur Unit have been sold away by way of auction by Invent ARC in May 2017.

As informed in the previous financial year that the company is working with an MNC for takeover of the Fabcity Project, which is a Photovoltaic Cell and Module Manufacturing Plant based at Fabcity, Hyderabad, the negotiations with the MNC have come to a final stage. This asset is a critical one required for the continuance of Solar power business and revival of the company. There is a lot of genuine interest shown by the investors to possess and develop solar power manufacturing facility within the country in view of the drive for Green energy and the fallout of the Global need for controlling global warming.

28. Corporate Governance

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. The Company believes that sound Corporate Governance is necessary to retain stakeholder's trust and ensures efficient working and proper conduct of the business of the Company with integrity. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time to suit the changing needs of the business, society and the nation.



Your Company has implemented the conditions of Corporate Governance as contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance and Management Discussion and Analysis along with necessary certificates is given elsewhere in this report. Also certificate by M/s R & A Associates, Company Secretaries, Hyderabad confirming compliance of the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

29. Explanations to qualifications in Auditors Report

a) **Auditor's Qualification:** The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the Ind AS financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Ind AS financial statements (and notes thereto) do not disclose this fact. Management's plans in regard to continuing operations are mentioned in para 5 of Notes to Accounts.

Management's Response: With the adoption of Ind AS, the Net Worth of the Company has turned negative. As explained in the previous financial year that some of the Lender Bankers namely the SBI, SBH, SBM & IDBI, who are part of the secured creditors of the Company have assigned their secured debt in the Company in favour of Invent Assets Securitisation and Reconstruction Private Limited, an Asset Reconstruction Company (ARC), Federal Bank being one of the lender banks has assigned its debt in favour of JM Financial Asset Reconstruction Company (ARC) during the financial year 2017-18. The banks led by Invent ARC has since, initiated steps for the realization of the debt assigned to it by way of auction/sale of identified Secured Assets. In such process, the Company's Cherlapally Unit and Shed No. 30 at Mallapur Unit have been sold away by way of auction by Invent ARC in May 2017.

As informed in the previous financial year that the company is working with an MNC for takeover of the Fabcity Project, which is a Photovoltaic Cell and Module Manufacturing Plant based at Fabcity, Hyderabad, the negotiations with the MNC have come to a final stage. This asset is a critical one required for the continuance of Solar power business and revival of the company. There is a lot of genuine interest shown by the investors to possess and develop solar power manufacturing facility within the country in view of the drive for Green energy and the fallout of the Global need for controlling global warming.

In this regard, the Company is of the view that it retains its going concern status.

b) **Auditor's Qualification:** As reported in note 4 relating to 'Financial assets and liabilities', Management has informed us that settlement with Banks/ARCs is in an advanced stage of completion. On completion of the same, the assets and liabilities including fixed assets as appearing in the books of account shall be reviewed and consequential effect on write off/ write back shall be done.

Management's Response: As already explained earlier in this Directors' Report, the fixed assets of the Company are under the charge of ARC and the ARC has initiated the process of sale of certain assets and settlement of loans. During the year, the assets of Cherlapally Unit and Shed No. 30 of Mallapur Unit were sold by the ARC and the management has effected the effect of such sale in the books of accounts. Further as and when such events take place with respect to the balance of assets, the consequential effect of such transactions shall be effected in the books of accounts.



c) **Auditor's Qualification: Notes to Accounts at Para 7 of the Ind AS** financial statements which describes the balances appearing under other long-term liabilities, short term borrowings, trade payables, other current liabilities, long term loans and advances, CWIP advances, trade receivables short term loans and advances and other current assets are subject to confirmation and / or reconciliation if any. At this point of time, the quantification of its effect on the balance sheet is not ascertained and quantified.

Management's Response: Some of the payables shown pertaining to outstandings to banks which are not reconciled since the accounts have become Non-performing Assets (NPA) and the banks have not provided account statements. Interest and charges on this accounts were not accounted since the banks have already filed Original Application (OA) with the Debt Recovery Tribunal (DRT) and some of the banks have assigned their debt in favour of ARC's, the management is of the view that there is no need of upward or downward adjustment of these figures without having the actual figures in hand. With regard to receivables and other long term payables, since the accounts were stagnant and long overdue, the Company was unable to procure confirmations from parties.

30. Replies to observations made in the Secretarial Audit report

a) **Auditor's Observation:** The Company has not yet paid listing fee to the Stock Exchanges of where the securities of the Company are listed as required under regulation 14 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the financial year 2017-18.

Management's Response: The Company could not pay the listing fees to the exchanges during the financial year owing to deficit cash flow. However, the Company is in the process to remit the fees by the end of September, 2018.

b) **Auditor's Observation:** There was a delay in submitting the financial results to BSE limited (BSE) and National Stock Exchange of India Ltd (NSE) for the quarter and financial year ended 31st March, 2017. The Company has submitted the financial results on 05th June, 2017 as against the due date of 30th May, 2017 prescribed under regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has been imposed a penalty of ₹ 30,000/- by NSE and the same is yet to be paid.

Management's Response: The Company has called for a Board meeting on 30th May, 2017 for consideration and approval of Audited financial results for the financial year ended 31st March, 2017. However, the meeting could not be convened due to lack of quorum and has been adjourned for want of quorum due to unavoidable situations for the presence of directors at the meeting. Accordingly, the meeting has been called at shorter notice on 05th June, 2017 and the same was held and convened to consider and approve the financial results and the same was disseminated to the exchanges. Since Standard Operating Procedures were issued by SEBI, the Company was levied penalty for delay in submission beyond the due date and the penalty is yet to be paid.

31. Management Discussion & Analysis

The Management Discussion and Analysis on Company's performance, industry trends, future outlook and other material changes with respect to the Company and its subsidiaries, wherever applicable, are presented in this annual report as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



32. Extract of Annual Return

The Extract of Annual return prepared in Form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure-1** to this report. The Annual Return of the Company is available on the following weblink <http://www.xlenergy.co/pdf/Annual%20Return%20-%202017-18.pdf>

33. Disclosure pertaining to sexual harassment of women at workplace

The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

34. Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility under the Companies Act, 2013 do not apply to the company.

35. Shifting of Registered Office

During the year, the Company has shifted its Registered Office from C2, Pooja Plaza, Vikramপুরi, Secunderabad – 500009 to H.No. 19-66/11/D-4, Laxmipuram Colony, Opp: Dr A S Rao Nagar, ECIL, Kapra, Medchal Malkajgiri, Hyderabad – 500062.

36. Consolidation of Accounts of subsidiary and Joint Venture

The financial statements of foreign subsidiary and the Indian Joint Venture Company have not been consolidated with the financial statements of the Company for the year ended 31st March, 2018 since the Net worth of both the subsidiary and joint venture have become negative and there are no operations carried out.

37. Acknowledgements

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's clients, investors, bankers and other business associates for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company and rendering high quality services to the clients.



Your Directors wish to place on their record sincere thanks to the stakeholders for their endeavours and confidence they have reposed on the management of the Company.

**For and on behalf of the Board of Directors of
XL ENERGY LIMITED**

Sd/-

**Dinesh Kumar
Managing Director
(DIN: 00054833)**

Sd/-

**Aneesh Mittal
Wholetime Director
(DIN: 00061635)**

**Place: Hyderabad
Date: 14.08.2018**