



Management Discussion and Analysis

Introduction

Solar PV leads the way in power generating capacity and is considered a cost-competitive source of new generation in many emerging markets across the world. Solar energy is the cleanest and most abundant renewable energy source available. Solar energy is lauded as an inexhaustible fuel source that is pollution- and often noise-free. India has some of the richest solar resources in the world. Modern technology can harness this energy for a variety of uses, including generating electricity, providing light or a comfortable interior environment, and heating water for domestic, commercial, or industrial use. India receives solar energy equivalent to over 5000 trillion kWh/year, which is far more than the total energy consumption of the country. If the means to make efficient use of solar energy could be found, it would reduce our dependence on non-renewable sources of energy and make our environment cleaner.

Photovoltaic (PV) Industry –

The spectacular global growth of solar PV is one of the big energy stories of today and it may well become the energy story of the 21st Century. The International Energy Agency (IEA) issued a report claiming that solar PV could be the biggest single source of electricity in 2050 and it believes the price of solar PV could become as low as 4 dollar cents per kWh. A number of federal policies are being proposed to spur domestic demand for solar PV products. According to IHS Markit, new PV installations in 2018 are expected to hit 108 GW globally. China, India and the US are expected to hold their top positions as leading 3 global PV markets in 2018. The top 3 are forecast to contribute two-thirds of the total 108 GW of new PV installations in 2018.

Indian PV Industry –

Solar power plants in India had a combined output of 25.9 billion kWh in the fiscal year through March 2018, marking a 92% year-on-year jump, according to the Central Electricity Authority (CEA).

At the end of fiscal 2017/18, India had 345 GW of installed power capacity, of which 70 GW came from renewables. This represents a share of 20.32% of its total power generation mix, which rose by 2.8 percentage points from the previous fiscal year. India's cumulative solar power capacity at the end of March, 2018 totalled 22 GW. Solar tariffs reached a record low of ₹ 2.44 per unit at an auction held by Solar Energy Corporation of India (SECI) for 500 MW of projects at the Bhadla Solar Park in Rajasthan in May 2017, but have been rising slowly since then.

The Government of India has sanctioned development of 40,000 MW of solar park infrastructure by the year 2020 with a financial support of M 81 billion (US \$ 1.2 billion). Cost, efficiency and price are fundamental drivers of PV industry. Innovations across the value chain will enable higher margins for PV industry. Photovoltaic's being very environment friendly and solar energy being a much cleaner source of energy, XL aspires to drive opportunities by making available solar power to all kinds of consumers by reducing the costs .

i. Future Outlook

It is expected that solar PV based power plants will become an exciting business opportunity. Solar power in India at current levels is already cheaper than electricity generated through diesel. Support from various state Governments for solar power industry is continuously increasing. With the proposed up-gradation and support, the Company would move into top tier of the market segment. According to



the experts by 2050, about 69% of the electricity produced in India will come from renewable energy sources and the overall domestic market is estimated to swell to the level of 20-30 GW by 2020.

ii. Opportunities and Threats

Opportunities

- Ambitious targets of Government for solar projects.
- Strong brand positioning and manufacturing capabilities that attract investors.
- High innovative Green jobs in market by The Council on Energy, Environment and Water (CEEW) research institution through high-quality research by partnerships with public and private institutions
- Abundant sunshine in large parts of the country that suits for better solar power generation.

Threats

- Non-utilization of our available manufacturing capacity
- Cash flow reduction in off season
- High risks of obsolescence as novel technology
- Decline in market share and margins due to growth and competition in solar market.
- Searching professionally skilled persons for PV industries.

iii. Risks and concerns

The Company's businesses and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular. These risks can be categorized as operational, financial, environmental, health and safety, political, market-related and strategic risks. The Company has implemented a Risk Management Policy to have a systematic process to assist in the identification, assessment, treatment and monitoring of risks which provides effective tools to manage the identified risks.

Due to industry downturn and resultant fall in demand, the capacities of the Company are underutilized. The plant remained closed during the year due to considerable fall in selling prices. Despite low capacity utilization and production, the Company has to incur fixed costs.

iv. Adequacy of internal controls

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.

v. Financial performance – Overview

The Company for the year 2017-18 has recorded total revenue of ₹ 42.84 lakhs as against ₹ 106.31 lakhs for the previous year. The Company has incurred a loss after tax for the year ₹ 158.92 lakhs as against a loss of ₹ 275.66 lakhs for the previous year.



vi. Human Resource –

The Company has adequate Human Resources which commensurate with the current volume of activity and is reviewed by the Management periodically and company would induct competent persons on increase / expansion of the activity.

Cautionary Statement-

Statements in the management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government/regulatory regulations, tax laws, economic developments within the country and such other factors.