



MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - 1

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Management has learnt that the Indian Renewable Energy Sector is the fourth most attractive renewable energy market in the world as per the Renewable Energy Attractiveness Index 2018. The installed renewable power generation capacity has increased at a fast pace over the past few years, posting a CAGR of 19.78 per cent between FY 14-18. Power generation from renewable energy sources in India reached 101.84 billion units in FY 2018 and 116.79 billion units during April 2018 - February 2019. As of October 2018, India ranked 5th in installed renewable energy capacity. India ranked second among the emerging economies to lead to transition to clean energy in 2018.

As of April 2019, total renewable power installed capacity (excluding large hydro) in the country stood at 79.03 GW. Overall, India added 8.62 GW of grid interactive renewable energy capacity in FY19.

Solar capacity has increased by eight times between FY 2014-18. India added record 11,788 MW of renewable energy capacity in 2017-18.

As on date Our Company has installed Windmill with a capacity of 7.6 MW and 2MW in Solar.

II. OPPORTUNITIES AND THREATS

We can see that Renewable Energy is fast gaining focus for its potential to meet India's growing energy needs. The ambitious target for renewable energy by the Government to achieve 175 GW by 2022, with further plans to expand the capacity and energy generation has spurred the market to drive for renewable in all the available sources. The introduction of enabling policies and implementation plans for wind and solar, both at the national level and across various states, is a welcome development for the developers and socialists who see that as radical change in reducing the pollution.

Wind energy has immense potential in India and can be a significant clean energy source. The Government's initial policies and constant changes had already made India as the fifth-largest wind energy producer in the world with an installed capacity of 29 GW. Yet, there is tremendous opportunity for improvement, particularly in the light of India's target to achieve 60 GW of wind capacity by 2022.

The Government of India has also set a target of increasing the national solar generation capacity to 100 GW by 2022. There is immense opportunity to harness solar energy given the country's abundant solar potential and availability of solar source throughout the year.

India is on the path to greatly expanding its renewable energy capacity. As renewable energy sector grows, more cost-competitive and increasingly contribute power to electric grids, the challenges of integrating variable generation like wind and solar are becoming more prominent. Strengthening grid integration strategies and grid operations will help to manage these challenges.

Your Company is constantly evaluating the possible measures to harness the potential opportunities and identified many other good businesses like Agricultural products, Jewellery retailing and manufacturing. The management will take all necessary action to increase the profitability of the Company by adopting the best strategies.

The Renewable Energy Sector has in the recent past saw a setback in the state of Andhra Pradesh with the State Government has ordered through the Discoms directing developers, who entered into Power Purchase Agreements ("PPAs") with them to revise the power tariff. This has triggered a panic amongst the developers who has invested money on the basis of those PPAs. The Wind Power Association, the Ministry for New and Renewable Energy has advised the State Government to consider revising the plan of reducing the tariff or cancelling the PPAs. The matter has reached the High Court and the developers are expecting an order in their favor.



III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company operates under two broad segments viz Power Generation and Purification of Precious Metals. The Company has reported the details and performance under Segment Reporting in the Notes to Financial Statements (Note No. 2.33).

IV. OUTLOOK

India's power sector is undergoing a noteworthy change, and this has redefined the industry outlook. Demand for electricity is seeing a steady growth with a pick-up in the economy, especially manufacturing activity, as well as favorable government policy. The government has implemented various progressive measures to maximize power generation capacity and improve distribution.

India's rapid growth over the past decade has increased power demand, which is still largely unmet. With the robust outlook of the sector, it is expected that India will see foreign participation in the development and financing of generation and transmission assets, engineering services, equipment supply and technology partnership in nuclear and clean coal technologies going forward.

V. RISKS AND CONCERNS

The Renewable Energy Sector has often been marred by several risks associated with the payments from the distribution companies and slowdown in the economy. The Company's Management with the vast experience and backed by skilled operation is hopeful of producing the results and achieving a steady growth amidst all the risks and concerns that is prevalent in the sector and the economy.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control System commensurate with its size and operations. Management has overall responsibility for the Company's Internal Control System to safeguard the assets and to ensure reliability of financial records. Audit Committee reviews all financial statements and ensures adequacy of internal control systems.

VII. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Income from Operations of the Company during the Financial Year 2018-19 saw a jump of 1.16% which amounts to ₹ 8,73,89,460/- (previous year ₹ 7,54,42,236) and the Net Profits for the same period increased to 1.36% at ₹ 2,01,55,383/- (previous year ₹ 1,53,26,123) after tax.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

You company operates with a small number of employees structure. The employee strength of the company is 15. The company has already put in place adequate processes, facilities, infrastructure and environment enabling the employees to function in an appropriate manner. The company has adequate compensation structure at each level of employee resulting in appropriate relationship. There are no significant developments in this regard during last financial year except a few resignations and appointments which are routine in nature.

IX. DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR

There was no significant change in the key financial ratios during the financial year 2018 -19.

