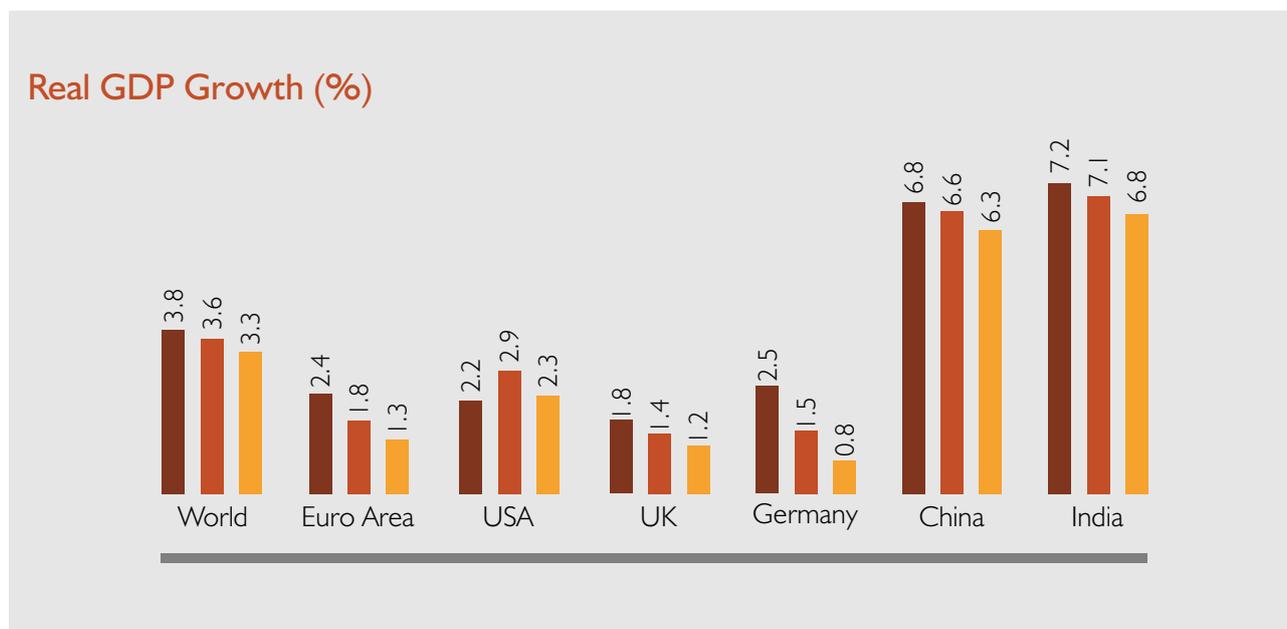


Management Discussion & Analysis Report

Global Economic Overview:

Global economy is expected to grow at 3.3% in 2019, according to the International Monetary Fund. The growth softened to 3.6% in 2018, after peaking at nearly 4% in 2017. The US economy, however, bucked the trend, as tax cuts and spending increases stimulated demand.

The ongoing US-China trade war is snowballing fears about damage to global economic growth. The repercussions can be more volatile in both commodity prices and currencies. However, India is amongst few economies that stand to benefit from the trade tensions as it can tap export opportunities for sectors like chemicals, textiles, agriculture, and overall manufacturing sector.



Indian Economic Overview:

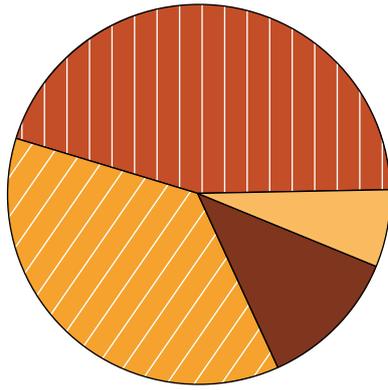
The Indian GDP has grown to 6.8% in the financial year 2019. The RBI expects India's GDP growth to pick up to 7.0% in FY20 and further to 7.4% in FY21, supported by the ongoing recovery in investments, robust consumption and the government's continued reforms.

India's GDP is expected to reach \$6 trillion by FY27 driven by digitisation, globalisation, favourable demographics, and reforms. Expenditure-side data suggests that investment in the economy has picked up while consumption growth has been flat. Growth in government final consumption expenditure is pegged at 9.2% in FY20 compared with 10.9% in FY19. Several foreign companies are setting up facilities in India owing to various government initiatives such as 'Make in India' aimed at boosting the domestic manufacturing sector. These initiatives will not only boost manufacturing, but will also create employment opportunities, thereby increasing the purchasing power of an average Indian consumer translating into higher consumption demand.

India Renewable Overview:

India is one of the countries with the largest production of energy from renewable sources. In the electricity sector, renewable energy account for 34.6% of the total installed power capacity. Large hydro installed capacity was 45,399 GW as of 30 June 2019, contributing to 13% of the total power capacity. The remaining renewable energy sources accounted for 22% of the total installed power capacity (80,467 GW) as of 30 June 2019. The government's target of installing 20 GW of solar power by 2022 was achieved four years ahead of schedule in January 2018, through both solar parks as well as roof-top solar panels. India has set a new target of achieving 100 GW of solar power by 2022.

Renewable energy in India comes under the purview of the Ministry of New and Renewable (MNRE). India was the first country in the world to set up a ministry of non-conventional energy resources, in the early 1980s. Solar Energy Corporation of India is responsible for the development of solar energy industry in India. India is running one of the largest and most ambitious renewable capacity expansion programs in the world. Newer renewable electricity sources are projected to grow massively by nearer term 2022 targets, including a more than doubling of India's large wind power capacity and an almost 15 fold increase in solar power from April 2016 levels. These targets would place India among the world leaders in renewable energy use and place India at the centre of its "Sunshine Countries", International Solar Alliance project promoting the growth and development of Solar power internationally to over 120 countries. India set a target of achieving 40% of its total electricity generation from non-fossil fuel sources by 2030, as stated in its Intended Nationally Determined Contributions statement in the Paris Agreement. A blueprint draft published by Central Electricity Authority projects that 57% of the total electricity capacity will be from renewable sources by 2027.

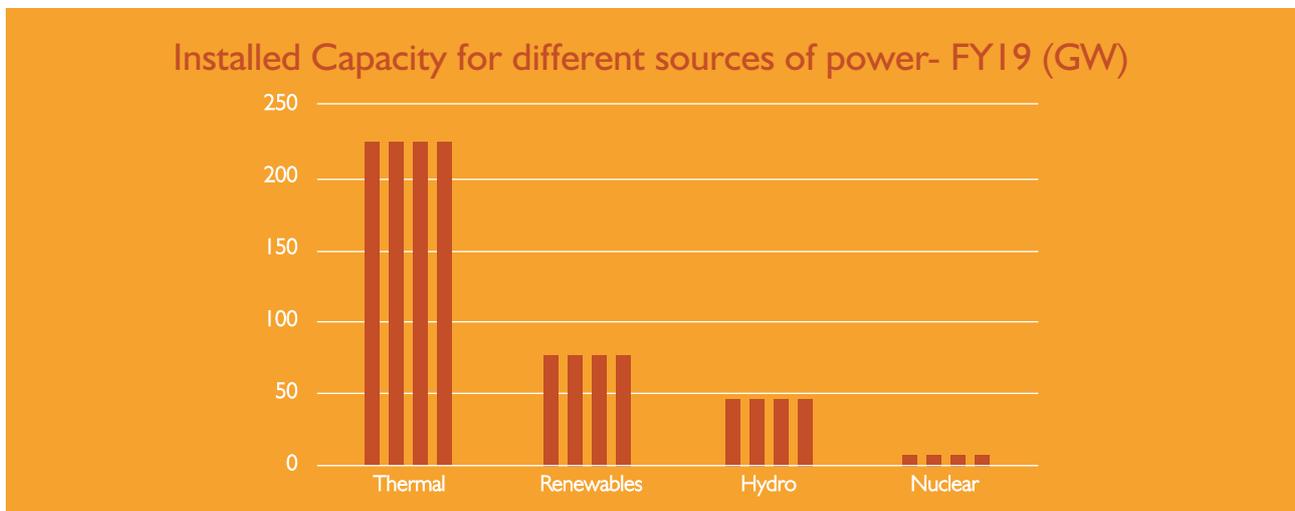


- Wind Power: 36,368MW (45.2%)
- Solar Power: 29,549MW (36.7%)
- Biomass Power: 9,806MW (12.2%)
- Small Hydro Power: 4,604MW (5.7%)
- Waste-to-Power: 138MW (0.2%)

Overview of Indian Solar Sector:

The Indian Government has committed to amplify the usage of clean energy sources and undertaken several sustainable green energy power projects which encouraging the nation toward green energy. Furthermore, renewable energy has the potential to create new job opportunities at all levels, especially in rural areas. The Ministry of New and Renewable Energy (MNRE) has set an ambitious objective to set up renewable energy capacities to the tune of 175 GW by 2022 of which about 100 GW is planned for solar, 60 for wind and other for hydro, bio among other. It is estimated that by the year 2040, approximately 49 per cent of the total electricity will be generated by the renewable energy, as more efficient batteries will be used to store electricity which will further cut the solar energy cost by 66 per cent as compared to the current cost. India's renewable energy sector is estimated to attract investments of up to USD 80 billion in the next four years. New investments in clean energy in the country reached US\$ 11.1 billion in 2018.

India is the third largest producer and third largest consumer of electricity in the world. The country also has the fifth largest installed capacity in the world. Although power generation has grown more than 100-fold since independence, growth in demand has been even higher due to accelerating economic activity. India to become the world's first country to use LEDs for all lighting needs by 2019, thereby saving Rs. 40,000 crore (US\$6.23billion) on an annual basis. India's energy firms have made significant progress in the global energy sector, according to the latest S&P Global Platts Top 250 Global Energy Rankings, with 10 out of 14 Indian energy companies making it to the list.



In FY20*, total thermal installed capacity in the country stood at 226.28 GW, while renewable, hydro and nuclear energy installed capacity totalled to 77.64GW, 45.40GW and 6.78GW, respectively. By 2022, India has set a target to achieve total production 175GW from renewable resources out of which 100GW will be produced from solar power. As a part of the green corridor project, the power lines would transmit 20GW of power capacity from 34 solar parks across 21 states. In August 2018, KfW a German based financial institution signed a US\$ 228.15 million loan agreement with India's Rural Electrification Corporation Limited (REC) to provide low interest loans to renewable energy project developers.

Notes: GW –Gigawatt, * -As of April 2019

(Source: Ministry of Coal, NHPC, Central Electricity Authority (CEA), Corporate Catalyst India, Aranca Research)

(Source: India Brand Equity Foundation – Power – May -2019)

GOVERNMENT INITIATIVES:

The Indian government has set out ambitious renewable energy targets in which solar plays a paramount role. In 2015, India announced a renewable energy target of 175 GW by 2022, a net growth of 150 GW from the installed renewable energy capacity at that time. Solar installed capacity was planned to total 100 GW by 2022, while wind power was supposed to contribute 60 GW. Rooftop PV is targeted to contribute 40% to the solar total. A number of policy measures have been set in place by MNRE to support the achievement of India's 2022 solar goals. Accordingly, 100 percent FDI is allowed under the automatic route in the power segment and renewable energy. An amendment to the National Tariff Policy includes provisions for Renewable Generation Obligations (RGO) and Renewable Purchase Obligations (RPO). The policy requires state-owned power distribution companies to purchase 8% of their energy from solar by 2022, and mandates thermal power plant operators to have a certain amount of renewable components in new installed capacity.

The Government has taken some other initiatives like, Implementation of Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme for rural and urban areas respectively, implementation of Ujwal DISCOM Assurance Yojana (UDAY) which would enable electrification to all villages and tracking it using the Grameen Vidyutikaran App, amendment in National Tariff Policy (2016) has been made, wherein government is focusing more on sustainable utilisation of renewable energy resources. In May 2018, India ranked 4th in the Asia Pacific region out of 25 nations on an index that measures their overall power, India's rank jumped to 24 in 2018 from 137 in 2014 on World Bank's Ease of Doing Business - "Getting Electricity" ranking.

India is expected to add about 10-15 GW capacity for renewable energy in 2019 out of which most of it is expected to come from Solar. Several initiatives are taken by government to focus on solar power like rooftop solar power projects, increasing floating solar projects, and solar parks getting operational and leading states in India promising to increase their solar adoption levels. These indicate that solar power in India has a bright future. The Ministry of New and Renewable Energy (MNRE) has decided to provide custom and excise duty benefits to the solar rooftop sector, which in turn will lower the cost of setting up as well as generate power, thereby boosting growth. Also, government has announced plans to implement US\$ 238 million national mission on advanced ultra-supercritical technologies for cleaner coal utilisation. Accordingly, there is an achievement in the sector like solar capacity has increased by eight times between FY14-18. India added record 11,788 MW of renewable energy capacity in 2017-18, a total of 47 solar parks with generation capacity of 26,694 MW have been approved in India up to November 2018, out of capacity of 4,195 MW has been commissioned and Inter-state distribution of wind power was started in August 2018.

The Government of India is expected to offer nearly 20 power transmission projects worth Rs. 16,000 crore (US\$ 2.22 billion) for bidding in 2019. Increasing growth avenues in renewable power segment, driven by the target to achieve renewable installed capacity of 175 GW by FY22. The projects like the Jawaharlal Nehru National Solar Mission (aims to generate 20,000MW of solar power by 2022) are creating a positive environment among investors keen to exploit India's potential. There are plans to set up four solar power plants of 1GW each.

(Source: Solar power Europe – Global Outlook 2022, India Brand Equity Foundation – Renewable Energy)

Solar Park Scheme in India

MNRE has come up with a scheme to set up a number of solar parks across several states, each with a capacity of almost 500 MW. The scheme proposes to offer financial support by the Government of India to establish solar parks to facilitate the creation of infrastructure required for setting up new solar power projects in terms of allocation of land, transmission, access to roads, availability of water, etc. As per the policy, these solar parks will be developed in collaboration with the State Governments. Land required for the development of solar power projects with a cumulative capacity generally close to 500 MW and above will be identified and acquired. The solar park will enable states to bring in investment from project developers and offer employment opportunities to the local population.

The Solar Park is a concentrated zone of development of solar power generation projects. The implementation agency would be SECI on behalf of Government of India. The state will be able to reduce its carbon footprint by avoiding emissions equivalent to the solar park's generated capacity.

The Ministry of New and Renewable Energy (MNRE) extended the timeline for implementation of Solar Parks and Ultra Mega Solar Power Projects having total capacity of 40 GW by two years. The initial deadline of implementing it by FY2020 is now pushed to FY2022. This new order will provide more time to all parties in the development of solar parks and ultra-mega parks, including agencies responsible for tendering the projects such as SECI and NTPC and private developers facing challenges with land acquisition and securing power evacuation from the plants. Solar park scheme which is approved by government in March 2017 was aimed at enhancing solar park capacity from existing 20,000 MW to 40,000 MW by setting up of new 50 parks having capacity of 500 MW each and above. For this initiative, government sanctioned INR 8,100 Cr. The government of India has prolonged the waiver of interstate power transmission charges and losses for the solar and wind power projects commissioned till March 31, 2022, with a view to giving a boost to clean energy sources. Earlier, the waiver was available to solar and wind power projects commissioned till December 31, 2019, and March 31, 2019, respectively. The waiver was available for a period of 25 years from the date commissioning of the project.

(Source: The Hindustan Times, Business Standard)

Challenges:

1. Dependency on the climate conditions as business operations are sensitive to seasonal changes.
2. Requires more capital for developing solar power projects for generating returns as compared to other industries.
3. Competition from conventional and other renewable energy producers.

4. Several risks and uncertainties at the time of developing solar power projects.
5. Various difficulties on implementation of business strategies including expansion and diversification plans of entering new geographical areas, development and commercialization of new products.
6. Slowdown or work stoppages at project sites may have a material adverse effect on the business, financial condition and results of operations.
7. Several difficulties faced in acquisition of land for developing Solar Power Projects

Opportunities:

1. To capitalize the growth opportunities available in the renewable energy sector
2. Conducive solar power policies of Central and State Governments as well as GERC tariff order incentivizing the use of solar power
3. Categorization of solar plant under 'must run'
4. To enhance installed capacity under Independent Power Producer (IPP) vertical and also focus on increase in sales of Captive Power Producer (CPP)
5. To seize the opportunity in the power sector for power generators due to the power deficit faced in the country
6. Several Government initiatives and subsidies to promote the solar energy sector, one of them being Renewable Power Purchase Obligation (RPO)
7. Governments target of 175 GW in renewable energy by 2022 out of which 100GW for solar, 60GW for wind and 15GW for other renewable sources.

SEGMENTAL PERFORMANCE

KPI Global Infrastructure Limited (the Company) is promoted by Mr. Farukbhai Gulambhai Patel, having more than 20 years of experience in diversified sectors including solar and wind energy space. As on date, The Company has business verticals like Independent Power Producer (IPP), Captive Power Production (CPP) and Sale of Solar Project Land Plots under the brand name 'Solarism'. The Company has an outstanding performance in Independent Power Producer (IPP) and Captive Power Production (CPP) business during the year 18-19. By end of March 31, 2019 the company has commissioned 15MW of capacity under Independent Power Purchase (IPP) category at Sudi & Tanchha village, Amod, Bharuch, Gujarat (Solarism Plant) and the Company has also commissioned 2.43MW capacity under our Captive Power Production (CPP) business segment.

OUTLOOK

The Solar and wind projects are seen constituting 440 GW of capacity out of the projected 831 GW in more than a decade according to the Central Electricity Board. All non-fossil fuel sources will form 65 per cent of the total installed capacity and contribute around 48 per cent of gross electricity generation. The Government of India has released its roadmap to achieve 175 GW capacities. In renewable energy by 2022, this includes 100 GW of solar power and 60 GW of wind power. The Union Government of India is preparing a 'rent a roof policy for supporting its target of generating 40 GW of power through solar rooftop projects by 2022.

(Source: The Hindustan Times)

RISK AND CONCERNS

Risk Management forms an integral part of the Company's operations. The Company continues to focus on a system based approach to business risk management. It broadly involves identification & potential risks, their analysis and impact as also risk mitigation initiatives to address the same. Additionally, the company continuously monitors business and operational risks through an efficient risk management system. All key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations. Board of Director of the Company oversee the risk management Process.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to Mr. Harsh Shaileshkumar Shah, Chartered Accountant (Membership No. 165448). The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. To maintain its objectivity and independence, the Internal Audit function reports to the Chairperson of the Audit Committee.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The performance of your Company's operations was outstanding during the year 2018-19. However, the total revenue from all the business segment of the company for the financial year 2018-19 was Rs. 3461.60 lacs as against Rs. 3159.89 lacs in the financial year 2017-18. The net profit for the year is Rs. 890.29 lacs against Rs. 739.44 lacs in the previous year.

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

Company has undertaken employee's development initiatives, which have very positive impact on the morale and team spirit of the employees. The company has continued to give special attention to human resources and overall development.

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, INCLUDING:

Sr. No.	Particulars	FY 2018-19	FY 2017-18	% in change	Remark
1	Debtors Turnover	2.61	4.44	(41.23%)	The Debtors turnover declined on account of high receivables in the CPP business due to execution of major portion in the last quarter of the financial year.
2	Inventory Turnover	1.25	2.47	(49.45%)	The inventory turnover declined on account of High Closing stock due to inventory purchased for execution of upcoming plant 25 MW
3	Interest Coverage Ratio	2.83	3.55	(20.39%)	—
4	Current Ratio	3.20	1.70	(88.46%)	Increase in inventory on account of High Closing stock due to inventory purchased for execution of upcoming plant 25 MW lead to increase in current ratio.
5	Debt Equity Ratio	0.39	0.85	(54.32%)	The Debt equity improved on account increase in net worth due to Listing of share in BSE-SME platform at a premium of Rs. 70 per share
6	Operating Profit Margin (%)	33.47	49.66%	(32.60%)	The operating margin declined compared to last year as in previous years it was driven by sale of plots, whereas in 2018-19 the revenue was driven by more sustainable model of sale of power & EPC of solar plant. The margin in these businesses are lower compared to plot sale, but the business is more stable
7	Net Profit Margin (%)	25.80%	23.43%	(10.10%)	—

CAUTIONARY STATEMENT

Statement made in the management discussion and analysis report as regards the expectations or predictions are forward looking statements within the meaning of applicable Laws and Regulations. Actual performance may deviate from the explicit or implicit expectations.