
MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Developments

The development of wind power in India began in the 1990s, and has significantly increased in the last few years. Currently the world's fastest growing renewable power source, wind energy is the transformation of the wind's kinetic force into mechanical power through a turbine. The mechanical power can be used for such tasks as grinding grain or pumping water, or converted into electricity through a generator for use by homes and businesses.

During recent years, the amount of energy produced by wind-driven turbines has increased rapidly due to considerable advancement in turbine technologies, making wind power economically compatible with conventional sources of energy. The use of wind power in India has been gaining importance with rapid installation in the last few years.

Outlook

India has been continuously putting efforts in terms of exploiting its given renewable energy sources potential over more than a decade, but a serious turnaround in its development has been observed since 2014, courtesy the due attention given by the government and certain bold initiatives taken on the policies front, which gave more heed to the already existing pro-renewable sentiments in the country. With rapid urbanization and the anticipated northbound trends in the industrial sector growth, power demand in India is projected to climb a new high in coming years. To support this likely jump there arises an urgent need for a backup in order to avoid any fallout in the desired power requirement.

SWOT Analysis

Strengths

- Clean, renewable, zero-emission source of electricity and therefore not subject to potential price on carbon.
- Technologically proven over past 30 years.
- It has the lowest gestation period as compared to conventional energy.
- No fuel inputs and therefore no fuel costs.
- Low O&M costs compared with other power plants.
- Separate state nodal agencies at state level to support at state level.
- It is one of the most environment friendly, reliable & clean sources of energy.
- Dedicated Ministry (MNRE) at Central Level.

Weaknesses

- Potential of Wind Power generation depends on local wind energy resources & availability of good locations.
- Operational risk.
- Sudden political changes may affect the policy of its market.
- Inadequate Grid Infrastructure.
- Less efficient than fossil fuels.
- Absence of single window clearance system, due to which there is delay in getting the necessary approvals.

Opportunities

- Vast untapped potential: India has abundant untapped renewable energy resources, extensive coastline & high wind velocity in many areas.
- Wind energy development is booming around the world, especially in India.
- Fiscal incentives by central and state governments such as preferential tariff, tax incentives, rebate on duties etc.
- Direct drive wind turbines that could potentially reduce O&M costs.
- Positive demand for wind energy.
- Unique storage techniques and technologies.

Threats

- Intense competition by existing players and new entrants in the market.
- Technology may become obsolete.
- Changes in Regulations and Policies affecting the market demand & supply.
- Land cost may shoot up.
- Offshore wind deemed too difficult or too expensive.

Risks

Company classifies the risks broadly into two categories, viz., External Risks and Internal Risks. The external risks mainly comprises of business risks on various fronts. The identified business risks and opportunities are deliberated in detail and thereafter considered in the business plan of the Company along with the mitigation plan. The internal risks identified by the Board are systematically addressed on a continuous basis across the locations.

Internal control systems and their adequacy

Our governance and compliance processes, which include the review of internal control over financial reporting ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported. It also conducts regular internal audits to test compliance with the statutory requirements. Audits are led by professional audit managers and supported by experienced personnel drawn from across the organization. Audit results are used by management to create detailed action plans where the businesses have not yet achieved full compliance with the requirements. Key findings are reported to senior management and summary reports are considered by the Audit Committee of the Board. The nature of the industries in which the company operates means that many of its activities are highly regulated by health, safety and environmental norms while maintaining operational integrity.

Financial Performance

Veer Energy has been a consistent value creator for all its stakeholders. Details regarding financial performance are published in the Annual Report.

Human Resources

The positive and motivating work environment of the company advances innovation, encourages growth and inculcates a positive spirit among the workforce. Employees are nurtured within the company, which increases their potential and growth in various matters. Working in the company has always made it an enriching experience for the multi-generational, diversified and mobile workforce.

Cautionary Statement

The statements made above may be construed as forward looking statements within the meaning of the applicable laws and regulations. Actual performance of the Company may vary substantially depending upon the business structure and model from time to time.