K.P. ENERGY LIMITED
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KPEL/MAT/NOV/2024/528

Date: November 19, 2024

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Scrip Code: 539686

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Symbol: KPEL

Sub.: Transcript of Investors/Analyst Earnings Conference Call held on November 14, 2024

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations").

Dear Sir/Madam,

Further to our communication dated November 14, 2024, please find enclosed the transcript of the Earning Conference Call held on Thursday, November 14, 2024 at 04:30 PM (IST) to discuss the unaudited standalone and consolidated financial results for the quarter and half year ended September 30, 2024.

The said Transcript is also available on the website of the Company at www.kpenergy.in.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For K.P. Energy Limited

AFFAN FARUK PATEL
Digitally signed by AFFAN FARUK PATEL
Date: 2024.11.19 13:11:34 +05'30'

Affan Faruk Patel
Whole Time Director
DIN: 08576337

Encl.: a/a

KP ENERGY LIMITED

"KP Energy Limited Q2 FY25 Earnings Conference Call"

November 14, 2024

MANAGEMENT: **DR. FARUK G. PATEL - MANAGING DIRECTOR, KP ENERGY LIMITED**
MR. AFFAN FARUK PATEL - WHOLE TIME DIRECTOR, KP ENERGY LIMITED
MRS. SHABANA BAJARI - CHIEF FINANCIAL OFFICER, KP ENERGY LIMITED
MR. SALIM YAHOO - CHIEF FINANCIAL OFFICER, KPI GREEN ENERGY LIMITED
MR. ALOK DAS - GROUP CHIEF EXECUTIVE OFFICER, KP GROUP
MR. SIDDHARTH THAKUR - EXECUTIVE ASSISTANT TO MANAGING DIRECTOR

MODERATOR: **MR. HARSH PATEL – SHARE INDIA SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the KP Energy Limited Q2 FY'25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harsh Patel. Thank you and over to you, sir.

Harsh Patel: Thank you and good afternoon, everyone. On behalf of Share India Securities, I welcome you all to Q2 FY25 Earnings Conference Call of KP Energy Limited. We are pleased to have with us the management team represented by Dr. Faruk G. Patel, Chairman and Managing Director, Mr. Affan Faruk Patel, Whole-Time Director and Mrs. Shabana Bajari, Chief Financial Officer of the company. We will have the opening remarks from the management followed by the question-and-answer session. Thank you and over to you, sir.

Siddharth Thakur: Good evening, everyone. On behalf of KP Energy, I would like to extend a warm welcome to all of you joining us on our first conference call in 3 years. My name is Siddharth Thakur and it's my privilege to serve as part of the CMD office at KP Group. Today is a day of other firsts as well. This morning, we proudly marked the listing of KP Energy on the NSE main board. We are deeply grateful for the trust and confidence our shareholders and the market have placed in us as we advance our mission to drive renewable energy forward.

Joining us on the call from KP Group are the key members that Mr. Harsh Patel have already introduced. In addition to that, we have two other key members who will be joining us. We have Mr. Salim Yahoo who is the CFO of KPI Green Energy and we have Dr. Alok Das who is the Group CEO at KP Group. Dr. Alok Das has joined us recently and it's a pleasure to have him on board with us.

In addition to that, I would also like to mention that Dr. Faruk G. Patel and Mr. Affan Faruk Patel would be joining the call five to ten minutes later, so I would appreciate the patience for all the joiners on this call. In today's call, we'll be discussing our recent performance, key achievements and the exciting path ahead. The leadership team will provide updates on our growth strategies, project developments and KP Energy's commitment to continuing its leadership in the renewable energy sector.

Thank you once again for being with us today. Please keep your questions limited to two per person. In case you want to ask more questions, feel free to join in the queue again. With that, I'm pleased to hand it over to Mrs. Shabana Bajari, CFO of KP Energy.

Shabana Bajari: Thank you, Siddharth. Good evening, everyone. As many of you know, KP Energy is a leading player in the wind EPC industry with over 14 years of experience consistently delivering projects

that drive the energy transition and support our Honorable Prime Minister, Mr. Narendra Modi's vision to expand renewable energy capacity up to 500 gigawatt by 2030 and net zero by 2070. In the half year of FY25, we continue to build on our strong foundation, capitalizing on favorable market conditions and expanding our portfolio of projects. We remain committed to sustainable growth, operational excellence and delivering long-term value for our shareholders.

I would now like to run through the financial highlights of the recent Q2 and H1 FY25 results uploaded. We are pleased to report that our consolidated total revenue for the second quarter of FY25 reached INR202 crores being the highest ever Q2 revenue representing a 183% year-over-year increase in comparison to the second quarter of FY24 and a quarter-on-quarter increase of 49% in comparison to the first quarter of FY25. For the first time, the company has reported the second quarter total revenue in a three-digit number.

The total consolidated revenue reported during H1 FY25 stands at INR337 crores representing a growth of 82% in comparison to that reported during H1 FY24. In terms of profitability, our EBITDA for the second quarter was INR43.71 crores representing a 156% year-over-year increase in comparison to the second quarter of FY24. The EBITDA for H1 FY25 stands at INR74.13 crores reflecting a 93% increase in comparison to H1 24. This reflects our ongoing efforts to optimize the cost and enhance operational efficiency.

The PBT for the second quarter for FY25 stood at INR32.8 crores compared to INR12.1 crores in the second quarter of the previous year, thereby reflecting an increase of 172% year-over-year basis. That during H1 FY25 stood at INR56 crores as compared to INR29.5 crores in the H1 of the previous year, reflecting an increase of about 90%.

The profit after tax for the second quarter of FY25 came in at INR24.94 crores, being the highest ever profit after tax in terms of value in the history of KP Energy's on quarter basis compared to a INR8.18 crores in the second quarter of the previous year reflecting both higher revenue and improved operational efficiencies across the projects.

The basic EPS during H1 FY25 stood at INR6.47 as compared to INR3.5 in the H1 of the previous year, again reflecting higher value creation for the shareholders. Coming to the order book with about 866 megawatt already commissioned up to September 25, our order book stands at about 2 gigawatt inching us closer to our ambitious target of 10 gigawatt on the group level. This has helped us strengthen our position in the renewable energy sector, aligning us well for the continued growth in the coming years.

Our IPP, which is the independent power producer portfolio stands at about 20 megawatt with another 30 megawatt under commissioning and which is expected to be energised in the financial year 25. This shall cause the IPP portfolio to be at about 50 megawatt as a part of the company's goal to achieve a 100 megawatt IPP portfolio by FY26. The operation and maintenance segment which we call an O&M segment is an important part of our business, ensuring long-term performance and reliability of the renewable energy assets we build.

Currently, our O&M portfolio covers over 520 megawatt and includes providing comprehensive support that includes scheduled maintenance, performance optimization and predictive diagnostics towards the balance of plant portion of the plant. This was about the KP Energy in brief. I would now open the forum for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Rushil from Pink Wealth. Please go ahead.

Rushil: Ma'am, my question is related to the P&L, related to IPP segment. So just wanted to understand the unit economics like in wind energy like how many units are generated by 1 megawatt?

Shabana Bajari: So in wind energy the generation primarily depends upon the wind resource at a particular location. So we have different locations having different capacities of wind available. And generally, the plant load factor ranges from about 35% to 40% depending on what location the machine is being placed. So if I consider at about 37 in such a scenario, 37 being the plant load factor then about 33 lakh units would be generated on an annual basis considering a 37% PLF.

Rushil: 1 megawatt, right?

Shabana Bajari: Yes, 1 megawatt.

Rushil: And ma'am at what price do we sell this like what price we do PPA?

Shabana Bajari: So currently, in case of KP energy the combination is of wind and solar. And if you look at the average price about INR7.5 to INR8 is the average gross price per unit at which we sell the power.

Rushil: And ma'am, net price will be?

Shabana Bajari: So net price would be around 6 to 6.5.

Rushil: Okay. So going forward also like the remaining operational asset which is going to generate to IPP, so we'll be getting the same rate or are we going to see that a decline in the rate per unit?

Shabana Bajari: So what happens is that right now the 30 megawatt plant which is currently under construction, that particular plant we have tied up with the GUVNL, the Gujarat Urja Vij Nigam Limited, which is a government entity. And where such kinds of agreements are being made with the government, the rates are slightly lesser. However, there are certain additional advantages that we have in those cases.

For example, there the transmission costs are much lower and the transmission losses are also much lower and they are being borne by the government. So effective reduction is not much, but yet the rates are slightly lower when it comes to the government PPAs.

Rushil: Okay. So going forward, can we see some dip in the margin under IPP portfolio?

Shabana Bajari: Not exactly. I wouldn't say. It depends upon the mix. We would still continue to have certain PPAs with the private entities also. So we will try to balance and maintain a mix that the margin dip isn't really very high.

Rushil: Okay, ma'am. That is from my side. Thank you.

Shabana Bajari: Thank you.

Moderator: Thank you. The next question is from the line of Sagar Tanna with Alchemie Ventures. Please go ahead.

Sagar Tanna: Congratulations on a great set of numbers. You mentioned an order book of 2 gigawatt. Is my understanding correct?

Shabana Bajari: Yes, it is.

Sagar Tanna: How much would that translate into crores of rupees?

Shabana Bajari: So the current estimation is about INR3,350 crores.

Sagar Tanna: And this is to be executed over what time frame?

Shabana Bajari: So again, I would like to split it in various. So there are certain projects which will get completed by March 25. Certain would be completed by June 25 and certain would go beyond June up to December 25 or somewhere up to March 26.

Sagar Tanna: So largely over the next 1.5 years 15 months to 18 months, we will execute these order books. Is that correct?

Shabana Bajari: Yes.

Sagar Tanna: And what is the bid pipeline looking like?

Shabana Bajari: So we have about 1.57 gigawatts of orders already in bid. And we expect them to materialize in about coming 3 months to 6 months.

Sagar Tanna: Got it. Do you see any constraints to execute these orders if the order bids were to increase beyond this 1.5 to say 2, 3.5 kind of thing?

Shabana Bajari: I do not see any constraints in the sense that there are two components which really would support us in helping us achieve. We are growing in terms of our capacities with reference to the infrastructure being adopted for achieving this kind of target, number one. And also the – I mean, resources in terms of manpower. So we have grown by leaps and bounds in trying to fetch the necessary required resources. So I do not see any kind of a challenge coming up in execution of these orders.

Salim Yahoo: Mr. Sagar bhai, there is two main factors – two main factors. This is Salim over here along with Shabana. So two main factors. One is that we always tell that any renewable energy has got two main constraints. One is land. Another is evacuation. So we have evacuation and thus corporate like Aditya Birla, NTPC they have given us order because we have 2.8 gigawatt of evacuation at the group level. We have sufficient land bank. So these are the two hurdles which we have already captured. So for us, execution – and you already know that we have more than a decade old experience in the wind and we are number one BOP solution in Gujarat. So all these factors help us to execute in a timely manner or before time.

Sagar Tanna: Got it. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Viral Shah from Ambit Wealth Private Limited. Please go ahead.

Viral Shah: Good evening. Congratulations on the great sort of numbers. A couple of questions. One, is the understanding correct, ma'am, that 1 megawatt of a BOP would require around INR2.1 crores something of that range?

Shabana Bajari: I would like to slightly add a bit more to your question. So it depends upon what is the scope of work. So at times there are certain factors which are included in the scope, the internal line, the external line, the connectivity, the ROW, the erection. Again, it depends upon what type of turbine, what make of turbine, what capacity of turbine we are taking.

So all those factors guide us to have also the soil capacity. I mean, if the soil, the type of soil - so whether it requires any reengineering or whether it can be commissioned straight away, erected straight away. So all these factors. So there cannot be a thumb rule that we can have a INR2.1 crores per megawatt, but it ranges between about 2.1 to 2.5 or maybe 2.6 to that extent.

Viral Shah: Got it. Fair enough, ma'am. Ma'am, secondly and this order includes the 3,350 odd crores of order books, would include the recently bagged project as well the internal number?

Shabana Bajari: I'm sorry, I couldn't get you. Recently bagged project, I didn't get you.

Viral Shah: No recently the order which [inaudible 15:40] so that is also included in 3,350 odd crores?

Shabana Bajari: Yes, it is.

Viral Shah: And ma'am the margins has been exceptionally good for the quarter, in terms of EBIT as well. So do we think that these margins are sustainable going forward or do we see slightly lower margins going forward? So what is the guidance there on the margins on the EBIT front or EBITDA whichever is comfortable?

Shabana Bajari: So I would like to delve a little deeper into the structure of the contract when we take up from the client. So our structure is bifurcated into various milestones and each milestone has each cost

component. So when you look at it overall average margins would more or less remain the same. It is only the periodic impact which comes.

So annually the average margin or over on the completion of the contract, the margins would more or less remain the same. It is only the timing factor which may depict a little plus on one quarter, a little minus on the other quarter, but since that is guided by or led by the milestones which are achieved and completed in that particular period.

Viral Shah: Got it. So what is the average margin guidance which you would give for a project per se that will be in the range of at EBITDA level?

Shabana Bajari: So at EBITDA level, again, it's a mix of IPP, O&M activity and also the EPC activity. So if the mix changes again the EBITDA depicted in a total level would also change. So right now at the current level, if you see, about 20% to 23% of margin is being there on the EPC contract at the EBITDA level and balance is being contributed by the IPP and the O&M factors.

Viral Shah: Okay. Got it ma'am. And when is the - last question from my end and maybe you can go ahead. On the IPP front, we expect to get commissioning by March or by fourth quarter, is the understanding correct?

Shabana Bajari: So our internal timeline is by the end of January 25. However, we are keeping it as March 25. Our internal timeline is by January 25.

Viral Shah: Got it. Thank you so much and all the best for future. Thank you.

Moderator: Thank you. The next question is from the line of Mahek Talati with Agility Advisors. Please go ahead.

Mahek Talati: Yes. So thank you very much for the opportunity. So my question was pertaining to the 1 gigawatt of the order which we got from KPI Green. So what is the order size in terms of revenue?

Shabana Bajari: Okay, fine. So when you talk about the order, we have the order from KPI for about 1.04 gigawatt. And in terms of value it would be around INR2,300 crores. This is a mix of both solar and wind. So it's a hybrid order. And composite put together as a lump sum, it would be around INR2,300 crores.

Mahek Talati: Okay. So in terms of our total order size which is the 3 gigawatts, our total order book in terms of revenue would be around INR5,600 crores. Am I understanding right?

Shabana Bajari: I would like to clarify. So when I spoke about total order book of about 2 gigawatt, 1 gigawatt comes from KPI Green. Another 1 gigawatt is what we have on hand as of now which is from other entities and clients and out of the total INR3,350 crores of order value in hand, approximately 2,300 belongs to the group entity.

Mahek Talati: Understood. Okay. And the next question was pertaining to the O&M segment. So what is the average revenue in that segment on megawatt basis? And any particular timeline for the same? For how many years will you be managing the O&M services?

Shabana Bajari: Okay. So before getting into the exact numbers and all, I would briefly like to explain how the O&M segment works. So typically, when we bag an EPC contract together with the EPC contract in majority of the cases, we also bag the O&M contract for the EPC, that is the post-commissioning activity. Now, typically, as the industry flows and how it works we normally offer a free O&M period to the client which can range anywhere between 12 months to 24 months.

So here when my current O&M portfolio is about 520 megawatts, in such a scenario majority of the clients are such where the free O&M period is yet to expire. So my current O&M top line on an annual basis would be roughly around INR4 crores, INR4.5 crores and I expect it to grow to roughly about INR6.5 crores to INR7 crores next year and then slowly grow even beyond that when my free O&M period expires for majority of the contract.

Coming to the question on your expected per megawatt O&M revenue, so again, I would like to mention here that when we speak about O&M, it is only the balance of plant O&M because the turbine O&M is technically being done by the original equipment manufacturer. And for that, again, depending upon what is the scope it ranges somewhere between 2.2 lakhs per megawatt per annum to 2.7 lakhs per megawatt per annum and it has a built-in escalation clause, year-on-year basis which can be between 3% to 5% and also the O&M agreement is for a period of 25 years which is the life of the wind asset.

Mahek Talati: Okay, understood. Thank you. And last question was with Pastoral land bank. So what is the potential land bank which the company has and will it be entirely used for capital consumption or will it be used for the EPCC segment? And if it is given to other parties for EPCC segment, what is the potential revenue which we can generate from this in any rough idea or any understanding?

Shabana Bajari: So before getting into the land bank thing, I would like to explain how the land thing works. Typically, we identify the wind resources, Pan Gujarat and then based on that we acquire majority of the land as an agreement to lease from the farmers. Now, these are only booked and highlighted. Of course, we have certain portion of land with us, but this is predominantly done and transferred to the client.

So the asset does not really occur on the books of KP Energy because the client would definitely want the land to be in his own name. Also, typically as per the requirement of the policy of SECI as well as GUVNL, the owner is supposed to have the land in his own name in case he wants to establish the wind farm.

Mahek Talati: Okay, understood. And last question was, so what is the estimated capex cost of 30 megawatt IPP plant and the 100 megawatt plant which we are expecting by FY26 and what is the capex cost for the additional 50 megawatt plant and have we started the work for the same one also?

Shabana Bajari: Okay, so coming to your first question on what is the capex cost of the entire 30 megawatt plant it is INR240 crores. The plant has been partially funded through equity and partially through debt. And the work has already started since we intend to commission it by the end of January 25. We have already gone further in the commissioning of the same. Coming to your second question of what will be the cost of the balanced 50 megawatt plant again it depends upon whether we go for a solar pure, we go for wind pure or we go for a mix of solar and wind. Depending upon the mix, the cost changes. So, that is how it works.

Mahek Talati: Okay, understood. Thank you.

Moderator: Thank you. The next question is from the line of Manan Shah from Moneybee Investment Advisors. Please go ahead.

Manan Shah: Yes, hi. Thanks for the opportunity. Ma'am, you mentioned that the 1 gigawatt of order book that we have from KPI Green that is valued at around INR2,000 plus crores and that would mean that the existing 1 gigawatt of order book which we had would translate to roughly INR1200 crores, INR1300 crores. So, per megawatt that translates to INR1.2 crores, INR1.3 crores versus what we got from KPI Green is more than INR2 crores. So, is there a major difference in the scope of work that is there between these two orders?

Shabana Bajari: So I would answer this question in two parts. Coming to what we have bagged from KPI, again, it is an arm's length basis, so there is no difference in the price per megawatt number one. The second portion which we come to is the balance. You are talking about the other, other than KPI, so other than the group entities. Now, the value that I am right now representing is the value which is yet to be built and incorporated in the upcoming financials. Whereas the megawatt which I am right now giving you here again is the megawatt which are yet to be energized.

So, when I say that I have got 100 megawatt of project for say about INR2,500 crores I will say INR250 crores or INR2500 crores is what I say, in such a scenario, we cannot reduce the megawatt . Megawatt will be achieved as and when they are commissioned. Whereas in case of my invoicing it is a milestone based invoicing and that is why my yet to be built value, the order book on hand will reduce, however the megawatt will remain same. So, here when you are dividing the balance capacity by the balance order value, the average what you will get will be much lesser, whereas the actual contract value and actual megawatt are much higher. I hope I am able to explain you this.

Manan Shah: Yes that was very helpful. Also wanted to understand, so our sister company is also in a similar business which was very much capable of executing this 1 gigawatt order. So, any reason why it was subcontracted to KPEL and not executed by themselves?

Shabana Bajari: I would like to first of all emphasize that while the project that has been subcontracted to KPE is the hybrid project and it is an IPP project for KPI. We typically have been the wind leaders and we have an expertise in the wind execution and we have a track record set up whereby we have commissioned turbines in a shorter duration. And here to use this expertise, they have granted us this particular order so that we can commission the project beforehand and they can start reducing their interest burden and getting generation of units on that.

Furthermore, there is a solar component also in that because we will be mobilized at that particular location and we also have presence for wind there. So, the fixed cost, the expenses will reduce in an overall basis and that will further reduce the cost to KPI as well. So, it is a win-win situation for both the entities where we would understand the requirements and commission them faster and give them the benefit of our expertise.

Manan Shah: Understood. And my last question was on the borrowing side. So, we are constantly seen our borrowing going up. So, any targets where the borrowings would look like by the end of this year?

Shabana Bajari: So, the major component of borrowing this year is the 30 megawatt IPP project which is coming up and that is the reason which might have caused the entire change in the debt equity pattern. Over the period, as I said, the typical IPP structure is such that the ratio of capital is to borrowing is 30 is to 70 in every project. So, wherever we would like to establish our asset, this debt would definitely enhance.

Just to give you a brief highlight about how renewable sector works, I mean, of course, you would be aware, but in a typical renewable energy sector always the borrowings are a little higher compared to the regular industry norm. We still are currently at less than 1 as of now.

Manan Shah: Understood. Sure, that was very helpful. Thanks.

Moderator: Thank you. The next question is from the line of Sumit Chopra, who is an Investor. Please go ahead. As there is no response, we move to the next participant. The next question comes from Kushal Shah who is from Nexa. Please go ahead.

Kushal Shah: So, first of all, congratulations for the great set of numbers. Madam, so my question is on the execution part. So, I mean, in Q2 FY25 as we can see, I mean, we have achieved INR200 crores of top line and H1 FY25 is close to around INR320 crores. So, as you just mentioned in the beginning of the call that the contract will be, I mean, the 1 gigawatt contract will be executed over the next 12 months to 18 months. So, just wanted to understand that, I mean, going by the statement that H2 will be much higher and the execution will have to be done, correct? So, can you just give a break up that how the revenue will be ramped up?

Shabana Bajari: I would like to again explain the structure of the contract. Every contract that we bagged from the client is where we have a split of milestones and the invoicing are done on the basis of split

of milestones. So, as and when the execution is complete, the work is certified and billed to the client and that is how the revenue gets reflected in the books. So, definitely, we look forward to maintain the same speed of growth which we have maintained over the period of these quarters.

Kushal Shah: Okay. Yes. Thanks.

Moderator: Thank you. The next question is from the line of Shikha Mehta with Time and Tide Advisors. Please go ahead.

Shikha Mehta: Yes. Congratulations on a great set of numbers. I just have a few questions. One, if you could help me understand your working capital cycle a bit better because I understand this is a business which would require a certain amount of capital being blocked. So, how do we see this going forward and if you have any guidance on the same, that would be very helpful?

Shabana Bajari: So, I would like to explain the cycle in terms of both the creditors and the debtors. So, first, we'll approach the creditor portion. So, as you know that in order to identify the wind resources and the relevant sites thereof, there are certain funds which remain blocked for a certain period. So, where we try to identify the resources, we have to set up wind masts, we have to set up instruments, we have to approach agencies who can give us the data, get the analysis done.

So, there the working capital cycle remains a slightly stretched cycle. Also, we need to secure the land from the farmer before it is identified by some other person and garnered by him for his own purpose. And, of course, there are certain other areas also because we have the right of way issues which require the fund flow to be blocked in advance. So, there you could have understood how the cost of materials and services is being triggered.

Coming to the debtor side, although if you look at the combination of the clients that we have, we have a combination of both public sector as well as private sector. Private sectors have been very good when it comes to paying the debtors. So, again, it all depends upon how the contract is structured. If it is structured such that the cash flow is being managed in different part and parcels or attached to different milestones, it becomes easier for us to drive the working capital.

Whereas in case of public sector, as we all know that the set of format, the contract structure is predominantly fixed since years together and they are not very flexible on that when it comes to leveraging the cash flow. So, this set once they send out an invitation to bid, it becomes mandatory for all the applicants and the successful bidders to go ahead with the same set of contracts. And there, the debtor cycle gets slightly stretched.

Salim Yahoo: Just to add a little bit on upon Shabana said that if you look at our clients or the customers, we have the likes of NTPC Aditya Birla. And these entire projects are along with land, making the land available for them. Now, in land we have to do the TSR, title clearance search and everything.

And once we give them the land, even they do the title clearance search and everything. So, that process takes a little bit more time because it's the initial phase of the project. Once we go forward, when the actual execution of the project starts, at that time, the billing and also the cycle will taper down a little bit.

Shikha Mehta: Understood. So, maybe over the next few years we can expect this to taper down a little bit?

Salim Yahoo: Yes, I mean, that's the characteristic of this particular big orders and the business that we are in.

Shikha Mehta: Understood. And just if I could squeeze in one small question. Historically, Q2 is normally the most damp quarter for us. So, I mean, this quarter the numbers have been quite spectacular. So, I'm just looking to understand is this still something that – is this still how the seasonality is for us this year or is it – or is there a one-off in the quarter or something of that sort?

Shabana Bajari: So, you are right when you say that there is a seasonality in this business. Yes, it is there because rains actually do not really permit us to execute the orders. However, as already I spoke before that the orders are split into various milestones. There are certain milestones which are attached to the actual execution on the ground where you talk about excavations and foundations, but whereas there are other milestones which are linked to acquisition of land, supply of materials, supply of poles, supply of conductors. So, there are many such combinations which help us sustain this kind of performance.

Shikha Mehta: So, is this a runway we can assume will carry forward or should we expect a better second half?

Shabana Bajari: I would feel you should expect better coming up and we will maintain the same growth perspective as well further.

Shikha Mehta: All right. Congratulations again on a great set of numbers. I'll come back in the queue.

Moderator: Thank you. The next question is from the line of Yash Visharia who is an Investor. Please go ahead.

Yash Visharia: Hi team. Congratulations on the great set of numbers despite a very seasonally weak quarter. So, my question is that if I am correct, last time you guided that we can double our revenues in FY25 and we are on the right track. And given that H2 will be better and the strong pipeline that we have of INR3,300 odd crores, can we see the revenues doubling in FY26 as well?

Shabana Bajari: I think I have already answered that question and I would like to repeat that again. That we have almost 2 gigawatt of order in hand about 3,300 with a visibility of about 12 months to 18 months. And I think that's enough for you to draw the numbers. You can make an assessment thereof.

Yash Visharia: And just so how do you see the competitors? Do we have any competitors and do we see the margins getting impacted in the future due to that?

Shabana Bajari: So, when you talk about competitors it becomes a slightly the question is a difficult question. Because when you ask about a competitor, it has to be someone who falls within the comparable position to me. Unfortunately and fortunately for me, I do not see any competitor within my visibility. You can talk about a couple of industries which are into this business, but they are not listed, number one.

They do not venture into IPP segment, number two. There are certain larger giants also, but they are more into OEM. I mean, they are into manufacturing of turbines. They do EPC as a part of compulsion because they sell the turbines. So, again, there is nobody who is number one listed.

Number two, who provides a consolidated entire work, lump sum work where the right from resource and site identification until getting the permissions and all the approaches done, getting the ROW done, foundation done, construction done, erection done, commissioning done including PSS, including the transmission line. So, I do not see anybody who falls within the gap, ambit of this entire activity, set of activities.

Salim Yahoo: Also to add to that, if you look at KP Energy has got experience in hybrid which is wind as well as solar. Very few players, like if you look at Sterling Wilson is only into solar. Suzlon is only into wind, Waaree is only into solar. So, very few players have those expertise and especially the wind vertical requires - it is a heavy engineering. So it requires lots of experience and knowledge to set up windmills along with solar. So, from that point of view, we are confident enough that our margins will be maintained. We will be able to hold on to our margins.

Yash Visharia: Understood. Thanks a lot and all the best and hope to be invested with you. Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Sachdeva with Sajag Securities. Please go ahead.

Gaurav Sachdeva: Good evening, ma'am. Ma'am, could you please tell me what development is happening in the offshore wind sector and what is the [inaudible 38:57] offshore wind?

Shabana Bajari: Good evening. So, first of all, yes, offshore currently India has started the exercise at two states. One is Gujarat and another is the state of Tamil Nadu. And we are currently into nascent stage of it. We are into discussions with various players. Right now, it is too early for me to give any comment. I think you should wait for an official declaration from our side.

Salim Yahoo: But we will assure you that anything that is happening in the renewable energy, you will always find KP standing there. That is sure.

Gaurav Sachdeva: Okay, great. Ma'am, since we will be completing 100 MW IPP by FY26, what kind of revenues will be there from IPP segment?

Shabana Bajari: So, again, as I told before it depends upon the mix, but roughly you can expect about INR100 crores of top line at 100 megawatt.

Gaurav Sachdeva: And what will be the EBITDA I mean rough EBITDA?

Shabana Bajari: So, EBITDA can be around 75% to 80%.

Gaurav Sachdeva: Thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Punit Thakkar, who is an Investor. Please go ahead.

Punit Thakkar: So, my question is if you remember in 2008, the supply by Suzlon in US, there was a big hurricane over there and there was a lot of damage. So, in the same terms, let's say, because, in the Gujarat region, mostly maybe around June, July, there have been news of small cyclones, not bigger ones. So, is it going to, let's say, God forbid if something happens, how much impact does it have and what sort of contractual obligations are we into?

Shabana Bajari: So, I would like to say that rather I'm very proud to say that, that when we had a cyclone in the Saurashtra region, all our turbines have been safe, intact and they have commenced generating as soon as the wind velocities came within the acceptable levels. So, there are sensors into the turbines which stop the turbines, I mean, shut down the turbine automatically where the wind velocity goes beyond a certain acceptable mark. So, yes, number one, there can be natural disasters. There is no stoppage about it.

Number two, whatever has happened until now, Saurashtra, specifically Dwarka region has experienced very high cyclone in the recent past and we have survived those. And we hope and continue to develop our reengineering in such a fashion that the same is sustained later as well.

Salim Yahoo: As we are aware that we have - KP Energy has more than a decade experience in windmills and has set up more than 400 plus windmills all across Gujarat in difficult terrains like mountains next to the seabed. So, you can understand that the experience that we have is put into the execution and that's the reason that we are able to mitigate all the risks that are associated with it.

Punit Thakkar: Okay, just a follow-up question. I think you mentioned that all our windmills are sensor operated. So, let's say if at some point of time you want to operate all the windmills, you want to turn off all of them at one shot. Is it doable from our end?

Shabana Bajari: So, there is a control available with us where we can also do that remotely.

Punit Thakkar: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Sumit Chopra, who is an Investor. Please go ahead.

Sumit Chopra: I just wanted to confirm on this INR2,300 crores order from KPI Green. Does this order also include supply of wind turbine and solar panels in this?

Shabana Bajari: So, this is actually when you talk about wind turbines, since KP Energy is into wind business and they already have pre-booked the turbines and they have the ready availability of the turbines because of booking in advance. The turbines are as a part of this particular package. Yes, they are included in this. However, coming to solar panels, KPI is in a better position to negotiate the prices of the solar panels and that is why panels are excluded from this.

Sumit Chopra: Okay, then my EBITDA, what would be the EBITDA margin for this order because I believe that the inclusion of the equipment, the EBITDA margins would be less than what we normally earn in the EPC project?

Shabana Bajari: So, in case of EBITDA margins on the BOP level, it will be the same. Coming to the turbine, what normally happens is that because we place bulk orders, we are in a position - KP Energy is in a position to negotiate better prices and considering only the overhead component, we would go ahead with it.

Sumit Chopra: So, if you can guide me on average basis, what would be the EBITDA margin for this INR2,300 crores order?

Shabana Bajari: So, if it excludes, I would suggest you let us not include the turbine value in this particular project for the purpose of calculation of margin and other than the turbine, it would come to about 22% to 23% as has been maintained in the earlier orders.

Sumit Chopra: What would be the amount for the order excluding the turbine? If you exclude turbine from this INR2,300 crores, what would be the order value?

Shabana Bajari: I think I need to recheck it, but it depends again because we are still not firmed up with the capacity of the wind component. So, this is the tentative value that I have given you. We may use a higher capacity turbine, whereby the number of locations would reduce. However, the turbine capacity would be higher, so again the pricing would change, with the megawatt remaining the same and the cost revolving more or less around what I have given.

Salim Yahoo: Just to give you a brief, that what we have put on the public notice also is that there are orders which is hybrid as well as solar. So, from that point of view there will be in hybrid model, there will be a wind component and in that we will keep solar as a lead component and wind as a secondary component. So, I do not think that wind component will have a major impact on the project execution of the project matrix, you can say, on the financial matrix.

Sumit Chopra: And second question regarding this 30 megawatt IPP, where we are selling to GUVNL. So, in case I missed the price per unit, what would be the net price at which we are selling to GUVNL?

Shabana Bajari: So, the price which we have agreed with GUVNL as per PPA is INR2.43 per unit.

Sumit Chopra: 2.43 per unit. And to the private players, normally net price ranges between 6 to 6.5?

Shabana Bajari: Yes. However, I again would like to reiterate here that because in case of contracts with GUVNL, there are certain exceptions which are given to us in calculation of the price. The transmission cost is not on us, the transmission losses are not on us and our meter of unit starts the moment we supply it into our PSS and not from the GSS. So, that is an added advantage that we get in terms of price. So, the effective price would be higher than 2.43.

Sumit Chopra: Okay. Understood. Thank you.

Moderator: Thank you. The next question is from the line of Kushal Shah from Nexa. Please go ahead.

Kushal Shah: So, ma'am, just two questions from my side. One question on the execution capability side. So, as we are going to execute the large order over the next 12 months to 18 months, I just wanted to understand that, I mean, in terms of capacity and also in terms of funding-wise. So, what will be the funding mix and if yes, then what will be the mix going forward? I mean, are we looking for any fundraising or something? So, yes, you can throw some light on this?

Shabana Bajari: Okay. So, Kushal, I would just like to inform you that the capex requirement or the capital requirement predominantly arises in case of an IPP project whereas in case of an EPC project, the requirements are only working capital and short-term requirements. So, typically because the ownership lies with the client in case of an EPC contract whereas in case of IPP, the ownership lies with the company.

And that is the reason we have already, as I explained right now, that we are currently at about 50 megawatt of IPP which will be commissioned by January. And another 50 we are planning to do it within the next year. So, this will spread our debt and equity cycle as well and our internal accruals should help us in generating the capital sufficient for funding these IPP projects.

Coming to the CPP components, since the entire 2 gigawatt of order which right now I'm referring to is the entire EPC contract for KP Energy. That is why the only funding we require is the short-term working capital funding. I don't see any other capex requirement as of now.

Kushal Shah: Okay, ma'am. I think that's helpful. And my second question was on the subcontracting side. So, ma'am, we also have another group company, KP Green Engineering. So, I mean, any portion of this contract, I mean, there will be subcontracted to the KP Green, I mean, in terms of mounting structures, etc because that company is also coming up with…

Shabana Bajari: Yes. So, just to give you a brief highlight, the whole purpose of having these three entities into one group is to create a synergy number one and to have an advantage of timely and qualitative delivery of materials. So, yes, where I have to really depend upon an outside source because we do not, if you talk about KP Energy specifically, we do not have any fabrication yard of our own, but the group entity definitely has. So, yes, we would try to take advantage of that expertise of

theirs and we will source our requirements of materials from them. Again, it will all be on arm's length basis.

Kushal Shah: Sure, ma'am. Noted, ma'am. Thank you.

Shabana Bajari: Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Sachdeva from Sajag Securities. Please go ahead.

Gaurav Sachdeva: Ma'am, since both KP Energy and KPI Green are taking hybrid projects which includes the solar and the wind, so is there any mutual understanding or mutual contract that which company will bid for which project or both companies are bidding for the same project also?

Shabana Bajari: So, I would like to explain a brief about both the entities. So, while if you have already heard the investor call of KPI, you would have known that it is slightly going towards becoming predominantly an IPP-based company where they are in the process of generating higher and longer duration revenues for longer period of years. So, KPI definitely has its own expertise of getting, garnering the clients of different on a different platform altogether.

KP Energy is more organized and committed towards the wind segment, but because there is an added advantage of KP Energy knowing the solar as well as KPI knowing the wind component, it all depends upon the comfort of the client and the range in which the client falls.

Salim Yahoo: So, there is a lot of other factors which decides which company will take out the order. One of the factors can be that if that location, if KP Energy is doing a project, we will automatically give it because then we don't have to resource allocation again from KPI. So, those factors are taken into consideration while taking the order in any of the companies.

Gaurav Sachdeva: Okay. So, there is no such scenario that both the companies have bid for a single project?

Salim Yahoo: No, that cannot happen because it's a group, same group. So, it depends upon whatever they have, if it is decided at a group level that which are the components. So, for example, if there is a project where there is a lot of wind component, automatically it will go to KP Energy and if there is a lot of solar component, automatically it will go to KPI, that is still understanding, that understanding is there.

Gaurav Sachdeva: Thank you. That's all from my side. Thank you.

Moderator: Thank you. That was the last question for the question and answer session today. I now hand it back to the management.

Siddharth Thakur: All right. Thank you, everyone. We will be ending this call with a note of introduction from Dr. Alok Das. We are very excited to welcome him as the new Group CEO who has joined us on

November 11th. With over 30 years in renewable energy, Dr. Das will lead the strategic growth of KP Group's 35 companies.

An IIT Kanpur alumnus with a PhD in Renewable Energy. He is a recognized trailblazer known for shaping impactful industry policies and frameworks. Dr. Das brings a distinguished career with leadership roles at Suzlon Energy, Reliance Energy and NEPC, Micron Limited. Now, I will hand it over to Dr. Alok Das for closing remarks.

Alok Das: So thank you everyone for joining us today. As a new Group CEO that it has been a privilege to be part of this significant milestone to engage with you on our journey forward. Although I have just recently joined the KP Group, but as he just told, Siddharth told I am veteran in this industry. I'm just heading the divisions of the business vertical of Suzlon Energy, also Reliance and other for NEPC, Micron.

So, obviously, we have done more than 11 gigawatt to 17 gigawatt of my past experience. And today, this thing synergizes with the KP Energy, where they are the best developer. When the part of my journey in Suzlon, we also work together and I've seen the clear-cut, their strategy for the BOP as excellent performance, be it the Aditya Birla or any other people like a government tender and all.

So, I think that this KP Energy, now today going forward there's a lot of opportunities because demand is very high. The government of India has put the 500 gigawatts and 200 gigawatts completed. So, every year there's a value addition more than 5 gigawatt to 6 gigawatts we would be adding. And on this 5 gigawatt to 6 gigawatts, if the KP Energy is being given a BOP contract opportunity, so this will really synergize and position ourselves to tap the better market share to that sector.

I think with this, I think that we can have a lot of opportunities while going forward. And I personally foresee that KP Energy would be in a better position for the future business opportunities. Thank you very much. And we expect all kinds of coordination in the future with your people. Thank you very much.

Moderator: On behalf of KP Energy Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.