

KEY HIGHLIGHTS OF THE Q3 FY2021-22 PERFORMANCE

EXECUTION PERFORMANCE:

Sidhpur Project of 252MW for CLP at Devbhoomi Dwarka, Gujarat

Post Corona Impacts, gathering momentum on mobilising the labour resources back to work was a big challenge for the Company and before it achieves full control, third waive has started looming. There also was a considerable impact of Panchayat elections in development pace of the quarter. Despite all odds, Company has leaped ahead in progress and posted confidence and clarity in its approach and control over the Site with cumulative numbers depicting status as below:

- i. **220Kv EHV Line:** (i) RoW for 73% tower locations have been acquired; (ii) 72% Tower foundation work completed; (iii) 52% Tower erection works have been in progress (iv) 26% of stringing work completed. Last lap of RoW acquisition remains tough in any typical line works was majorly impacted due to local elections and now gaining pace. Tower erection work was majorly impacted by supply crisis in iron and steel segment and only in last part of the quarter could get completed now opening work front for erection and stringing works.
- ii. **300MW Windfarm Pooling Substation:** (i) Control room building structure erected and architectural works in progress; (ii) Foundation works for 220Kv and 33Kv Equipment in switch yard is 100% completed. Major equipment supplies completed. 150MVA Power Transformer testing and despatch expected by January 2022.
- iii. **33Kv internal network:** (i) 35% Pole Erection work completed (ii) 22% Stringing work completed. (iii) All critical material including 80% of the RSJ Pole received at site.
- iv. **Access Roads:** Civil Road work completed for 50% of locations and Mechanical Roads already completed for first phase of locations where erection activities are planned to be initiated.

Gadhsisa Project of 300MW at Kutch, Gujarat

Both companies have come to a common agenda after series of meetings and discussions on EHV and balance windfarm contract provisions, deliverables, pending actions and arrived on work completion certification and settlement agreement documents. These documents are presently awaiting implementation upon accordance of agreed timelines and condition precedents. Series of actions will happen in Q4FY22 and expected to be fully completed by end of current financial year. This will help Company to phenomenally optimise its liabilities and focus on its grown avenues.

Mahuva-I Site, Captive Project for Retail Customers at Bhavnagar, Gujarat

Out of 15.3MW WTGs, 6.9MW WTGs have already been received well in advance at site and the rest of WTGs are being delivered with slight delay in Schedule. Project activities including area development, approach roads, foundation and 33kv internal line network are being undertaken more aggressively to meet final project schedule. Company has achieved 60% of activities in project completion timelines and revenue so far.

30MW Evergreen Project at Mahuva-II Site, Bhavnagar

With growing time and ever increasing tariffs at various actions in the country, the efforts of Company in obtaining the extension of timelines and waiver of penalties would see a day light.

Mahuva-III/IV/V Site, Bhavnagar:

140MW Hybrid Project conceived by Company for completion by March 2023 is shot in the arm in the C&I segment and is expected to be largest Hybrid project under development by single entity in the State for huge captive market. In a supply constrained market, company has already blocked entire 133MW wind capacity envisaged for the proposed 140MW hybrid project. Company is in last lap in closing the contracts with captive customers and its long exposure in wind segment as well as its concentrated focus on Gujarat market has led it to a decisive role in the agreements.

FINANCIAL RESULT AND SIGNIFICANCE:

Expanding the role and growth in Wind Industry, Company has obtained accolade in being felicitated as largest Wind Farm Developer in the Country by Wind Insider Forum. And this is also partially reflected in the numbers being posted every quarter in current financial year. More and more of the opportunities and projects undertaken will keep adding and multiplying the numbers in top and bottomline of the Company.

- i. Numbers on board itself signifies the present day statistics for the Company:
 - a. Third quarter closing performance in terms of revenue is once again very strong.
 - b. Revenue for the quarter grown by 38% over Q2 FY 21-22 and stood at Rs. 71.14 Crores and growth of 395% compared to corresponding quarter last year.
 - c. EPCC revenue for the quarter has further grown by 51% over Q2 FY 21-22 and stood at 68.34 Crores.
 - d. Drop in sale of power revenue over Q2 FY 21-22 is a seasonal impact, however it grew by 3% compared to corresponding quarter last year.
 - e. OMS revenue dropped due to onetime revenue of Rs 2.22 Crore in Q2 FY 21 – 22 except that OMS revenue is in line with Q2 FY 21-22 and grew by 218% compared to corresponding quarter of last year
 - f. EBITDA margin stands at 19%, PAT margin of 13% for the quarter. This is close to our Feed in tariff regime margins and displays stability regained after struggle of about 3 years. The increase in cost of material consumed compared to previous year nine months ended 31st December, 2020 is due to regrouping of certain expenses.
 - g. EPS for the quarter stood at Rs. 8.15. EPS for Trailing Twelve Month (TTM) as on Q3FY22, stood at Rs. 18.98. Which is highest over last 24 months.
 - h. Increase in current liabilities of Rs. 27 crore is on account of advance receipt from customer has been utilized for advance payment to vendor and hence approximately similar increase is found in other current assets.

APPRAISED GROWTH AVENUES

- i. Company has decided to isolate its strengths to perform to its fullest capabilities and keep this aloof from the reverberating EPC business of KP Energy to the benefit of all of its stake holders. It has therefore incorporated its 100% subsidiary to independently operate and maintain its conceived projects with strong trajectory as well as venture out to different geographies and assets under its OMS umbrella with the help of its long exposure and position in the market. This newly incorporated entity will take over entire OMS obligations through Business Transfer Agreement and assignment of rights with prior approval of the entities under OMS purview. This will flourish value unlock as well as benefit KP Energy shareholders as a whole.
- ii. KP Energy has achieved in geometrical proportion, objectives it envisaged in raising money through its maiden IPO in Feb'2016. It has proved its mettle and role in wind industry growth. It now envisages a strong annuity income with stable growth and more profitable business by using its acumen as equity. It has floated a very innovative OPEX model to the benefit of captive users with "Pay Per Unit" concept in upcoming Hybrid & Wind Captive Business. This is immensely beneficial to any captive user as compared to traditional Capex or Group Captive model prevailing in the industry and also to the Company with a very strong annuity income growth and stability.
