

Since 1994



K.P. ENERGY LIMITED

CIN: L40100GJ2010PLC059169

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KPEL/INV/PPT/Q4/2020/217

July 04, 2020

To,
Bombay Stock Exchange Limited,
P.J. Towers,
Dalal Street,
Mumbai – 400 001

Ref: **Scrip Code: 539686**

Sub: **Investor Presentation/Key highlights of Q4FY20 performance**

Dear Sir,

Apropos the captioned subject, please find attached herewith the Investor Presentation along with the key highlights of the Q4FY20 performance.

This is for your information and records.

Thanking You,

Yours faithfully,
For K.P. Energy Limited

Karmit Sheth
Company Secretary & Compliance Officer



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ISO 14001:2015, ISO 9001:2015 and BS OHSAS 18001:2007 Certified Company

BSE Listed Company



KP ENERGY



EARNINGS

PRESENTATION Q4FY20

KP ENERGY LIMITED

GLOSSARY

- BoP – Balance of Plant
- O&M – Operations & Maintenance
- WTG – Wind Turbine Generators
- EPCC – Engineering, Procurement, Construction and Commissioning
- IPP – Independent Power Producers
- MW – Mega Watt
- GW – Giga Watt
- KV – Kilovolt
- BSE – Bombay Stock Exchange
- ROW – Right of Way

COMPANY SNAPSHOT



Gujarat's #1

Gujarat's #1 BOP solutions provider for Wind Farms



~200 MW

~200 MW capacity energised till date with 100% O&M under preview



~214 MW

Power Evacuation Capacity of ~214 MW

~300 MW

300 MW Power Evacuation ready to charge



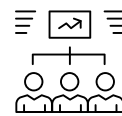
~8.4 MW

Wind Generation Assets of 8.4 MW capacity providing annuity based income



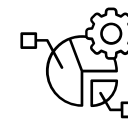
1,000.8 MW

Order Book and Business Pipeline of 1,000.8 MW for coming 2.5 years



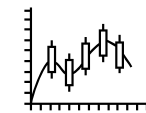
117

Team strength of 117 members



Diversified

Diversified revenue streams



BSE listed

KP Energy Limited is Gujarat's prominent **balance of plant solution provider in Wind Industry** engaged, from conceptualization till the commissioning of a wind energy project.

EPCC

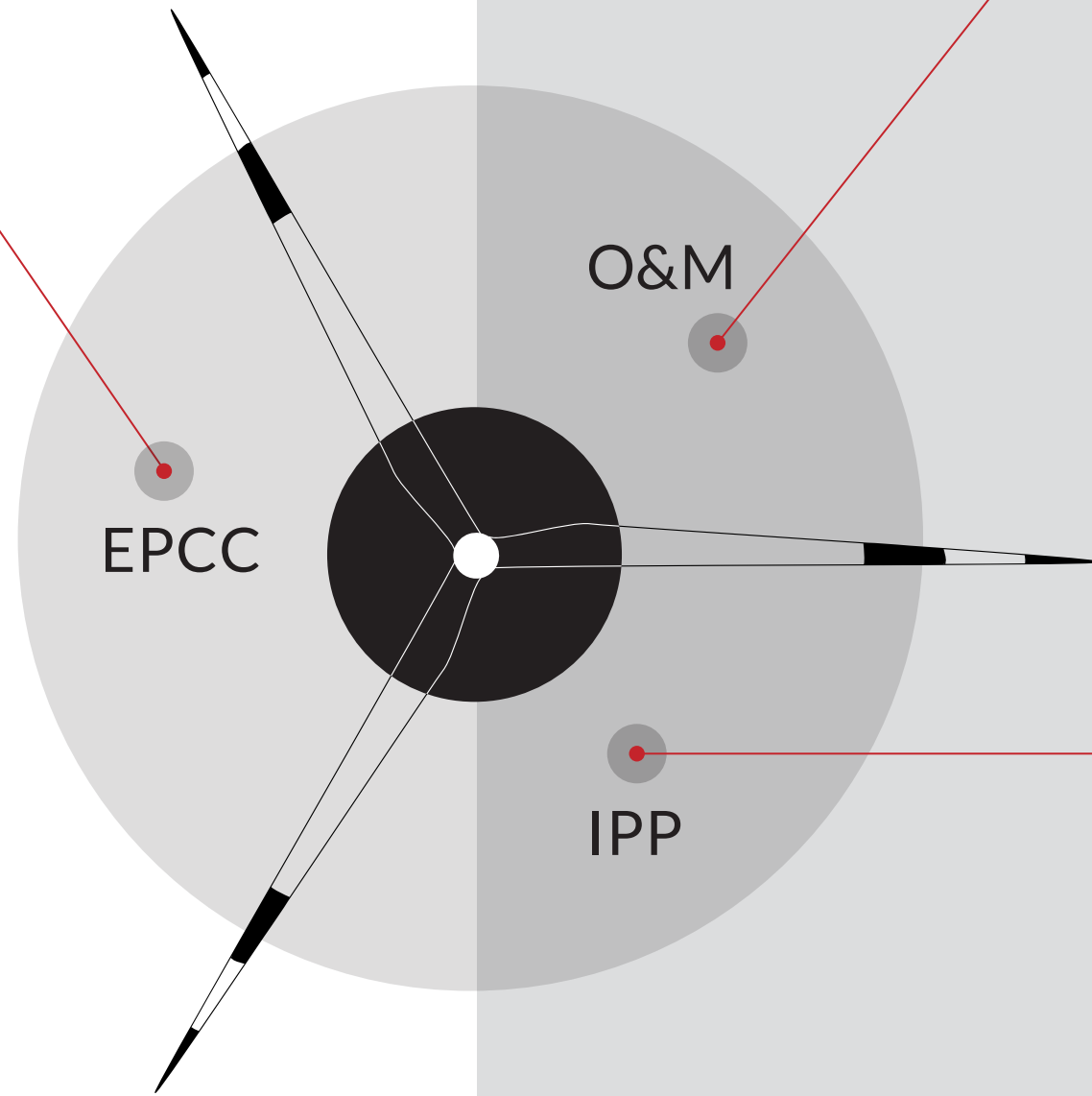
KPEL offer a unique value proposition, which has been designed to comprehensively address all the complications encountered by WTG manufacturers, IPPs and captive power consumers in setting-up of a wind farm. We offer BoP Solutions, for WTGs, right from concept till commissioning of the project.

O&M

KPEL delivers thorough support in operations and maintenance for the BOP portion of the project.

IPP

KPEL owns power generation assets with a total capacity of 8.4 MW, at wind farms developed by the company.



BUSINESS MODEL

EPCC SCOPE OF SERVICES



Construction & Erection

WTG civil foundation, 33kv USS & internal network as well as logistics, installation & erection of WTG.



Power Evacuation

We undertake EPCC of 33/66 & 33/220 kv windfarm Pooling Substation and EHV lines



Site Preparation

We have constructed roads & access or ROWs through tough and challenging situations.



Permits & Approvals

We obtain all requisite permits & approvals from government bodies for the project and operational life thereof.



Site Identification & Acquisition

Our key competence lies in identifying good windy sites and acquire them.

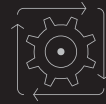


Operations & Maintenance

Entire BOP of wind farm for operational life.

SUPPLEMENTING VERTICALS

OPERATIONS & MAINTENANCE (O&M)



O&M services

Provides O&M services for Balance of Plant portion of windfarms



~200 MW

As of date, KP Energy has an O&M portfolio of ~200 MW



EPCC directly drives the growth of this segment.

EPCC directly drives the growth of this segment. However, the existing portfolio creates an annuity based income

INDEPENDENT POWER PRODUCERS (IPP)



8.4 MW

KP Energy has its own power generation assets of 8.4 MW (4*2.1 MW) capacity at its own wind farms



Dual Objectives of becoming an IPP:

Dual Objectives of becoming an IPP:

1. Strategy set-up: Providing assurance to clients
2. Annuity based income

INCOME STATEMENT

SUMMARY (STANDALONE)

(Rs. in Crores)

PARTICULARS	Q 4 F Y 2 0	Q 3 F Y 2 0	Q 4 F Y 1 9	Y O Y %
	A u d i t e d	U n a u d i t e d	A u d i t e d	C h a n g e
Revenue from Operations	5.11	4.96	67.92	-92%
Total Income	5.35	5.10	68.17	-92%
Total Operating Expense	9.07	4.22	58.74	-85%
EBITDA (Excluding OI and EI)	(3.96)	0.74	9.18	-143%
EBITDA Margins %	(0.77)	0.15	0.14	-673%
Interest Cost	1.87	0.81	1.13	66%
Depreciation and Amortisation	1.01	1.00	1.18	-15%
Profit Before Taxes	(6.59)	(0.93)	7.12	-193%
Profit after Taxes	(5.65)	(0.70)	6.76	-184%
OI	0.24	0.14	0.25	

BALANCE SHEET

SUMMARY (STANDALONE)

(Rs. in Crores)

PARTICULARS	FY 20	H 1 FY 20	FY 19	YOY %
	Audited	Unaudited	Audited	Change
Shareholders Fund	53.94	61.53	54.18	0%
Non Current Liabilities	90.44	38.47	40.34	124%
Current Liabilities	67.72	54.32	69.66	-3%
Total	212.10	154.32	164.18	29%
Non Current Assets	107.38	107.63	84.98	26%
Current Assets	104.72	46.69	79.20	32%
Total	212.10	154.32	164.18	29%

CASHFLOW STATEMENT

SUMMARY (STANDALONE)

(Rs. in Crores)

PARTICULARS	FY 20	H 1 FY 20	FY 19	YOY %
	Audited	Unaudited	Audited	Change
Net cash (used in)/generated from operating activities	(18.23)	29.29	6.07	-400%
Net cash (used in)/generated from investing activities	(25.83)	(24.56)	(1.77)	1361%
Net cash (used in)/generated from financing activities	44.33	(2.83)	(5.82)	-861%
Net Increase/ (Decrease) in cash and cash equivalents	0.27	1.90	(1.52)	-117%
Cash and cash equivalents at the beginning of the year	6.87	6.87	8.38	-18%
Cash and cash equivalents at the end of the year	7.13	8.76	6.87	4%

INCOME STATEMENT

SUMMARY (CONSOLIDATED)

(Rs. in Crores)

PARTICULARS	Q 4 F Y 2 0	Q 3 F Y 2 0	Q 4 F Y 1 9	Y O Y %
	A u d i t e d	U n a u d i t e d	A u d i t e d	C h a n g e
Revenue from Operations	5.99	4.96	67.92	-91%
Total Income	6.22	5.10	68.17	-91%
Total Operating Expense	9.84	4.22	58.68	-83%
EBITDA (Excluding OI and EI)	(3.86)	0.74	9.24	-142%
EBITDA Margins %	(0.64)	0.15	0.14	-574%
Interest Cost	1.87	0.81	1.19	58%
Depreciation and Amortisation	1.01	1.00	1.18	-15%
Profit Before Taxes	(6.50)	(0.93)	7.12	-191%
Profit after Taxes	(5.56)	(0.70)	6.76	-182%
OI	0.24	0.14	0.25	

BALANCE SHEET

SUMMARY (CONSOLIDATED)

(Rs. in Crores)

PARTICULARS	FY 20	H 1 FY 20	FY 19	YOY %
	Audited	Unaudited	Audited	Change
Shareholders Fund	84.19	91.78	59.83	41%
Non Current Liabilities	95.67	43.68	45.57	110%
Current Liabilities	68.25	54.49	73.81	-8%
Total	248.11	189.95	179.21	38%
Non Current Assets	130.82	124.98	93.75	40%
Current Assets	117.29	64.98	85.46	37%
Total	248.11	189.95	179.21	38%

CASHFLOW STATEMENT

SUMMARY (CONSOLIDATED)

(Rs. in Crores)

PARTICULARS	FY 20	H 1 FY 20	FY 19	YOY %
	Audited	Unaudited	Audited	Change
Net cash (used in)/generated from operating activities	(28.40)	13.14	2.03	-1501%
Net cash (used in)/generated from investing activities	(40.37)	(33.02)	(3.83)	955%
Net cash (used in)/generated from financing activities	68.92	21.77	0.73	9285%
Net Increase/ (Decrease) in cash and cash equivalents	0.14	1.89	(1.06)	-113%
Cash and cash equivalents at the beginning of the year	7.47	7.47	8.53	-12%
Cash and cash equivalents at the end of the year	7.61	9.36	7.47	2%

EXECUTION PERFORMANCE

MANAGEMENT COMMENTARY

1. Our FY20 performance has taken a hit by too many external factors, this is quite contrasting to our FY19 performance - which was the best ever in terms of revenue and profitability. While most of the players in the industry have been severely affected, many are on the verge of bankruptcy and debt-structuring, we have fared relatively well. This was possible by staying on our feet, remaining very flexible and agile for survival. The company did just what was expected by its stakeholders, rest assured it has enough inherent strengths and opportunities to make good the lost time and profits.
2. **300 MW Gadhisra Project:** While this project was scheduled for completion in November 2019, it went into time & cost over-runs like all other projects won under SECI. The absence of government waste lands lead to the purchase of private lands, hence, multiplied costs, associated risks, and huge infrastructural challenges. Eventually, the company focussed on part of the activities instead of completing the entire scope of work, to speed-up completion together with OEM & principal contractor. However, delays and deterioration of administrative controls over sites being dealt by sporadic wind projects from all SECI bid winners scrambled 'Right of Ways' for almost all the activities leading to further cost escalation. This was quite significant in 220kv ~73km EHV line and the wind farm spread across 200 square kilometers. The cost overrun claims will eventually get addressed upon completion of pending activities that are likely to happen in Q2-2021.
3. **220 kV EHV Line Construction:** The company is pleased to report that 97% of the work has been completed. The much-awaited, expensive, and difficult to replicate kind of double circuit transmission infrastructure is getting completed in July 2020. This infrastructure will energize the 300MW substation constructed by KP Energy for Gadhsira Project through its 1st Circuit. This offers us the opportunity to conceive another 300MW wind project and also set-off loan taken specifically to meet additional expenditure**. This circuit is the kingpin, as presently lands are not available by all means for SECI projects, and laying 220 kV line will be highly uncertain and costlier in present circumstances to newer incumbents. With this first-mover advantage, the company has also identified suitable patches of lands associated with this proposed project for wind locations and as a package, this integrated proposal will be an enabler for upcoming bids for reduced risk and quick execution.

EXECUTION PERFORMANCE

MANAGEMENT COMMENTARY

- 4. 250.8MW CLP Project at Sidhpur-II Site, Dwarka:** This project has been the most remarkable development of the year. This is one of its kind projects - on grounds that for all the SECI Bids (Tranche 1-8) could not see the kick-off of project activities expected in Q4-2020 owing to regulatory hurdles. However, now the anomalies are addressed, PPA is signed and project definitive agreements are about to get documented. The company has made some vital commandments for this project execution to make it a seamless and truly rewarding execution experience.
- 5. 30MW Evergreen Project at Mahuva-II Site, Bhavnagar:** This project, unfortunately, has not been able to take off due to various reasons beyond the reach of Investors (Evergreen Power Mauritius Private Limited) and is now slated for time extension from the regulators. The formal process could not begin due to Covid-19 restrictions, which has now been taken-up appropriately.
6. Entire 215MW wind projects infrastructure under OMS Contracts with the company maintained remarkable availability, beyond contractual obligations due to its diligent team and these revenues did help in meeting vital expense obligations. This year, it grew by 100% and year over year, this revenue is likely to grow by similar numbers with more and more assets getting covered under paid maintenance.
7. Power generation revenues were similar to the previous year barring a marginal reduction due to cyclonic alerts leading to shut down of generation, in Q4FY20. These revenues fetched vital liquidity for the company. The performance of these turbines is best in class in terms of revenues and returns because of varied and flexible tariff structure.

QUARTERLY RESULTS

Q4 & FY20 RESULT DISCUSSION

1. The overall revenue for FY2020 has declined by 53% as compared to FY2019. This is due to sectoral constraints impacting EPC revenues. This is quite cyclic in the history of the wind industry, and all the stakeholders have been severely affected by this. An asset-light model, to a certain extent, has helped the company to contain its damages. This means deferment of revenue for a specific period under review, eventually getting rolled over now with higher tariffs and larger timelines.
2. The business pipeline of 1 GW land-ready sites of the company would now result in more revenues and bottomline to overcome past blues.
3. Bottomline reduction for FY2020 is close to 94% as compared to the previous financial year. This is principally due to a delay in project completion, which eventually, got build in the ensuing quarter.
4. **In the asset register, inventory has increased by 131% primarily due to added costs invested in transmission line infrastructure under construction, and these added costs have been met through additional loans that have increased other financial liabilities. However, this is eventually getting liquidated in upcoming bid opportunities at a premium which will nullify the adversities in FY2021.

STRATEGY GOING FORWARD

1. Sign-up for EPCC Contracts for Sites in Pipeline.
2. Overhaul management systems, processes, and execution under world-class IT infrastructure to improve efficiency, reduce costs and enhance overall capabilities to handle multiple projects

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