

The worst is over. We are ready to bounce back!



KP Energy Limited Annual Report 2019-2020

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### Introduction to KP Energy

The company engages throughout the development process of wind farms, right from conceptualization until the commissioning of the project

Read more about this on page 01



### **Company Overview**

KP Energy Limited is a balance of plant (BoP) solution provider for the Wind Energy industry.

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#### **KP Energy's Integrated Business Model**

KP Energy Limited is a balance of plant (BoP) solution provider for the Wind Energy industry.

Read more about this on page 13

# The worst is over. We are ready to bounce back!

This report encapsulates KP Energy's preparedness to face challenges and seize opportunities that the future brings.

Facing turbulent times requires a strong commitment, not only to plan and strategize, but also the willingness to change with the changing circumstances and opportunities. It requires delivering in the face of challenges. By adhering to financial discipline, embracing operational flexibility, and our unwavering commitment to deliver value to all our stakeholders has helped us overcome setbacks, industry cycles, and economic uncertainties over the last decade. Going forward, our actions will continue to be guided by these principles in an effort to restore stability to our business, build a robust balance sheet to navigate

the current adverse economic conditions, and ultimately put us back on the earnings growth path.

Our journey has been a transformative one. We have kept pace with the changing industry dynamics, persevered through uncertain times, and leveraged our efficiencies to ensure we keep growing from strength to strength.

As has been the case throughout our history, we have been firmly committed to our long-term value creation vision. With a volatile economic environment clouding the spectrum, there may be challenges. However, with every challenge awaits an opportunity. As market dynamics change, businesses will need to employ different strategies for attaining success.

We at KPE are constantly reevaluating and enhancing our strategies.

We are preparing ourselves to embark on an uncertain yet exciting voyage.

We are ready to face the future with confidence, as we remain certain

bounce back!

# that, the worst is over. We are ready to

## Introduction to KP Energy

KP Energy Limited is a balance of plant (BoP) solution provider for the Wind Energy industry. The company engages throughout the development process of wind farms, right from conceptualization until the commissioning of the project. The company undertakes projects

identification, site preparation, construction & erection, power evacuation, and operations & maintenance for the BoP portion of the project. KP Energy endures a vital link in synergizing



• Recently in January 2020, KP Energy concluded the first decade of making its mark on the Indian wind energy landscape.

#### Incorporation of KP Energy Private Limited

Evolution of KP Energy

2010

### Establishing a foundation.

Early smallscale projects with Indian wind technology major -Suzlon.

Exponential Scaling of **Opportunities** pursued. to the extent of 3-10X, with global majors like GE & CLP.

## From the MD's Desk



### मंजलि उन्ही को मलिती है, जनिके सपनो में जान होती है!! पंख से कुछ नहीं होता, हौसलों से उडान होती है!!

(The one whose dreams have substance, reach the destination. Nothing happens with wings, flight takes off on aspirations!)

#### Dear Shareholders,

It gives me great pleasure to present to you the 11th Annual Report of KP Energy Limited for the year 2019- 20. The year gone by has truly been a testing one for all the incumbents of the Indian wind energy industry, KP Energy being no exception. The last two financial years have witnessed accelerated disruptions, changes and challenges paving the way for new opportunities in the industry. To add to this was the Novel Coronavirus pandemic, a once in a century occurrence. The effects of COVID-19 on businesses and the environment has been drastic; the same applies to us, though we have relatively fared well and demonstrated immense resilience.

#### Agility

This year's theme, for the annual report, has been inspired by our experiences, obstacles, and the notion - the worst is behind us in the Indian wind energy space. I am glad to share that as an organisation we have agility, the attribute which will be the cornerstone for our leap into larger projects in India and abroad. To site a major strategic move, KP Energy has continuously adapted itself to the changing dynamics of the industry, ever since the implementation of the reverse-auction regime in 2017. It has involved revisiting our strategies to combat the obstacles and convert them into opportunities. Subsequently, we have started developing utility-scale wind farms to the tune of 300 MW in capacity, under ISTS from our erstwhile target size of 30-50 MW capacities. Benefiting from our strategic move, we have onboarded new OEM partners like GE and IPP's like CLP (India). We have accumulated sites that are in proximity to the central grid for future partnerships for even larger projects.

#### Impact of COVID-19

All project activities came to a standstill after the national lockdown announcement on 22nd March, the on-going work at Dwarka and Gadhsisa (both in Gujarat) resumed on 17th April and 21st April, respectively. The pace of execution was also slowed down as availability of the workforce was a challenge. The project activity (EPCC) revenues were severely affected, and restoration of complete normalcy will take some time. The Operations and Maintenance work of all sites continued without any interruptions as power generation was permitted during the lockdown. All this while, power generation continued at our 8.4MW wind farms at various sites without any significant interruption and continued to provide stability to the company's finances. Our strategy of going for in-house power generation from the proceeds of IPO in 2016 and later from internal accruals, has well anchored us in trying times like this.

"The company has made some vital commandments in the CLP project execution to make it a seamless and truly rewarding execution experience. Execution of this project is expected to pave the way for us in the international arena."

#### **Operational Performance**

The operational and financial performance for the FY2020 has been less than satisfactory. The overall revenue for FY2020 stood at Rs. 74.99 crores as compared to Rs. 158.41 crores in FY2019, declining 53% y-o-y. This was principally due to poor performance in the EPCC business segment, on account of various external factors beyond our control like - availability of government wasteland, infrastructural challenges leading to time and cost overruns. On the operating profitability front, the company recorded an EBITDA of 11.36 crores in FY2020 as compared to 33.32 crores in FY2019, registering a decline of 65% y-o-y. The Profit after Tax for the year stood at 1.10 crores in FY2020 as compared to 19.43 crores in FY2019, registering a drop of 94% y-o-y.

On the execution front, following are the major developments:

#### 300 MW Gadhsisa Project:

Originally scheduled for completion in November 2019, this project went into time and cost overruns like all other projects won under SECI. Key constraints were around the availability of government waste-lands, infrastructure challenges, and associated risks. The cost overrun claims will eventually get addressed upon completion of pending activities likely to happen in Q2FY21.

#### 30MW Evergreen Project at Mahuva-II Site, Bhavnagar:

This project has not been able to take off due to a variety of reasons, beyond the reach of IPP 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.

#### 250.8MW CLP Project at Sidhpur-II Site, Dwarka:

This project has been the most remarkable development of FY2020. It is one of its kind projects - because 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 definitive project 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. Execution of this project is expected to pave the way for us in the international arena.

For pull quote use this text, but don't put this in actual content -The company has made some vital commandments in the CLP project execution to make it a seamless and truly rewarding execution experience. Execution of this project is expected to pave the way for us in the international arena.

#### Going forward

The transition from conventional energy dominance to large scale renewable energy future is both inescapable and urgent. It demands action at all scales and the participation of all stakeholders. To achieve this goal rapidly, equitably, and sustainably begins with exploring and unearthing new and creative ideas. At macro-levels, our policymakers have set an ambitious target of 175 GW of cumulative installed renewable capacity by the year 2022, out of which 60 GW is targeted explicitly from wind energy. Hence there is clear visibility for our business with an ocean of opportunity.

The need for renewables as a power source cannot be overstated, and moving ahead, cleaner energy will remain a top priority for any government. The quantum of auctions in Gujarat provided certain added advantages to KP Energy. We are well-placed to gain from the installations and capital expenditure in wind energy space, for the foreseeable future.

### जंदिगी की असली उडान बाकी है, जंदिगी के कई इम्तेहान अभी बाकी है अभी तो नापी है मुट्ठी भर ज़मीन हमने, अभी तो सारा आसमान बाकी है

(Life's real flight is remaining, Life's many exams are remaining. So far we have just gauged a handful of earth, the entire sky is still remaining...)

Yours sincerely,

Faruk Patel

## From the CEO's Desk



"Another noteworthy change in our favour is removal of ceiling in the tariff of bids and allowing a small portion of solar in the wind bids from Tranche IX of SECI Bids"

#### Dear Investors,

FY2020 has been an unforgettable year. It has given a much needed break on almost all the activities for people to stop, think and evaluate directions travelled. Maybe to redefine our priorities! It has given clear ideas where investments will never diminish even when the entire world economy is sluggish.

Yes, Investments in Renewables have shined during the Covid-19 pandemic. This industry gave vital power to the world when a supply chain based raw material (Coal, Gas, Diesel, etc.) dependent conventional power generation was paralysed or badly impacted.

The message is loud and clear, Renewables will consistently grow to replace all forms of conventional energy and will glitter even when crude (the largest source of energy today) will touch historically low prices.

Brinks of dawn and dusk brought by Covid-19 have more or less the same luminosity, but very different radiance. One easily gets deceived by shine to distinguish whether it's a beginning or time for exit. Looking at KP Energy, a distinguished Renewable Energy Turnkey Project Service Provider, this situation apparently was no different for those unaware of ground realities, but we have proved resilient with all our activities rebounding with more vigour.

KP Energy has weathered not only the pandemic but every other blow and push one after another. Looking immediately back, it gave highest ever energisation in 2018, highest topline in 2019 and later a largest dip in sales in 2020. Topsy-turvy path is owing to changes in regulations, tariff deriving mechanism, policy on lands, abrupt move from State Grid to Central Grid, magnitude of project and associated risks, consequential project delays and stress due to financial constraints of big players hitherto driving the industry. We have sailed through every impediment on the way and are now geared to accept higher challenges.

We have posted just half the previous year numbers. Though it is third highest in our history, it appears meagre because now, your company has attained much more capabilities - a good sign. And it's due to a gap created due to lag in start of new project at Sidhpur Site with CLP. However, it is not hibernating, only contracts are delayed (primarily due to Covid-19 pandemic) and therefore the invoicing. However, revenues are now getting booked from Q2 2021 with contract's execution. The Site activities will be humming and topline growing.

"KP Energy's combined business pipeline of 1 GW now with ever increasing tariff, high generating wind turbine technologies, large rotor and higher hubs, should reverberate our unutilised capacities."

#### My message to you, home in on famous Gujarati Ghazal poet "Mariz"

મારી ઓટ જોઈને કનિારે ઘર ના બાંધશો, દરચિો છું, હું પાછો જરૂર આવીશ

[Do not construct a home near shore looking at the receding tide, I am Ocean, will surely come again...]

The most significant development in our industry is the entry of long awaited players like Reliance and JSW. Their appetite and own resource pool itself will turn the lull into lustre. Their engagements will certainly catalyse the efficiency as well as cause to support investments and mitigate hooligans obstructing progress. Most importantly they will influence policies in favour of the Renewable Sector.

Another noteworthy change in our favour is removal of ceiling in the tariff of bids and allowing a small portion of solar in the wind bids from Tranche IX of SECI Bids. The recent results of round the Clock bids from Renewable sources too are very encouraging. Separate bids for bundling Renewables with small thermal power too is a welcome move. All this means, the journey is not limited to 175 GW (targeted by FY2022), it is poised to take over complete power generation from conventional fossil fuels to Renewables.

Now, I foresee inter-connected State & Central Grid projects which will decongest concentration of projects near to ISTS Sub-stations. Means, irrespective whether State or Central Bid, projects can be co-located and dispersed. Time to look into land inventories and show them daylight.

KP Energy's combined business pipeline of 1 GW now with ever increasing tariff, high generating wind turbine technologies, large rotor and higher hubs, should reverberate our unutilised capacities. In this direction, we have inked our tie-ups to showcase some of the largest on-shore wind turbines at our wind sites in the near future.

We have also revitalised our retail arm now to offer wind projects to individual factory owners and thereby utilising the capacity available at our existing wind farms. We will shortly announce a dedicated Captive Site available for OEMs. Here we will provide vast opportunities to OEMs as well as industries based on our 360o exposure in the wind sector.

All of these would have remained a tale if not supported by a welldesigned implementation blueprint. Our revamping of entire project

management, back offices and automating the entire Operations & Management System is under process and about to be fully operational by Q4 2021. This will multiply the inherent capacity of existing set-up and support fast scaling up of operations.

Developing a wind project is tough with too many constraints and out-bound activities. When too many regulatory changes go hand in hand, it makes journeys strenuous and lengthy for meagrely organised players. Sector adversities only bring opportunities for well geared players like KP Energy. Here lies our existence, growth and future. We have learnt to negotiate with survival threats without dithering because we are Born to Race and to Win!

### Remembering Robert Frost here,

The woods are lovely, dark and deep, But I have promises to keep, And miles to go before I sleep, And miles to go before I sleep.

Yours sincerely, Ashish A Mithani

## A Closer look at our Performance

(STANDALONE)

#### EBIDTA & EBIDTA %



#### **Revenue from Operations**



Diversified Revenue Streams



■ OEM ■ IPP ■ EPCC





**Total Debt** 





# 1.1 Crores PAT

#### Networth



# 74.1 Crores

**Revenue from Operations** 



### **RoNW %**

**RoCE %** 



94.35 Crores

## Market Capitalization as on March 31, 2020

# Management Discussion & Analysis

#### **Indian Economy Review**

The Indian economy has been registering a continuous decline in GDP growth rate for the last eight quarters, in 2018-19 and 2019-20. GDP growth rate has plunged from 7.9% in Q4FY18 to meager 3.1% in Q1FY20. One core reason for the slipping GDP growth rate has been a deceleration in investment growth. Recent measures devised to reignite GDP growth, such as a reduction in Corporate Tax Rate and reducing repo rates are yet to show positive impacts on the economic environment. The Indian economy has also been facing heat from the poor health of assets in the financial sector.

#### Indian Energy Landscape

Being a prevalent power manufacturer and consumer, India stands as number three in energy consumption, after China and the United States of America. Despite being the third-largest globally, India is still a powerscarce country with one of the lowest percapita power consumption ranks. India's per-capita power consumption is well below the world's average and is one of the lowest amongst BRIC nations.

The total installed electricity capacity of India stood at 370 GW as of May 2020, while electricity production reached 1,252.61 billion units (BU) in FY20. Out of the total installed electricity capacity, renewable sources (RES) are accounted for ~34%, within which the large Hydro

#### Hopes for a good FY2020-21 were crushed in March 2020 with the onset of COVID-19 in India, followed by a first of its kind nation lockdown imposed by the Ministry of Home Affairs from 24th March 2020. Various government authorities imposed a series of lockdowns and restrictions in movements to contain the spread of the virus, which escalated a health-care disaster into an economic crisis. The International Monetary Fund has cut its projections for India's economic growth to 1.9% for current FY2020-21, the lowest in the last three decades.

To combat the effects of COVID-19, the Government of India and Reserve Bank of India announced a comprehensive financial and stimulus package. The RBI resorted to measures such as a reduction in repo rates, Cash Reserve Ratio (CRR), allowing banks to borrow from their investment of Statutory Liquidity Ratio (SLR). Besides, RBI announced a moratorium on repayment of installments for term loans and deferral on interest payments for working capital facilities.

(Source: Central Electricity Authority - CEA)

#### Other Renewables – Installed Capacity (June 2019)

	41 10/	Wind	
44.8%	41.1%	Solar	
	14.1%	Bio-Power, Small Hydro	

Power accounts for 39% of capacity. The balance comes from other Renewable sources such as Wind, Solar, and Biomass & Hydropower, which account for 87.38 GW as of May 2020.

There is a need to move into a policy to reduce fossil fuel needs rapidly. A shift to alternative energy use and renewable energy sources that are used judiciously and equitably would bring about a lower dependency on the dwindling fossil fuel resources and carbon emissions. To achieve this, the government is introducing energy-efficient strategies and promoting Renewable sources (RES) at a substantial level. Over the last two decades, in May 2020 shares of RES in total installed capacity has come to 23.5% from >1% in 1997.

#### Indian Wind Energy

#### Overview

According to the CEA, the wind is the most prominent renewable energy source apart from Large Hydro (>25 MW). As of March 2020, wind energy accounts for 43% of the total RES capacity in India. Between FY14 to FY20, wind energy capacity grew at a CAGR of ~10%. It reached a cumulative capacity of ~38 GW in FY20.

#### Capacity Addition & Cumulative Capacity- FY14-20 (GW)



#### CAPACITY ADDITION IS SHOWING EARLY SIGNS OF RECOVERY IN FY20, POST THE STRUGGLING PHASE AFTER IMPLEMENTATION OF AUCTION-BASED PRICE DISCOVERY IN LATE-FY17.

Tamil Nadu and Gujarat boast close to half of the cumulative installed capacity of Wind Energy assets as of March 2020. In the last two years, Gujarat has consolidated its position, rising from an 18% share of installed capacity in FY18 to 20% in FY20. Out of the 2.2 GW capacity installed in FY2020, Gujarat holds approximately a 70% share.

The states of Gujarat and Tamil Nadu have the best onshore and offshore wind power potential in the country. This makes these two states extremely attractive locations for wind power developers. At present, Gujarat has the 2nd highest installed wind capacity in India after Tamil Nadu and enjoys the highest potential wind generation capacity in the country. According to MNRE, the following is the wind potential of Indian states.

## Other Renewables - Installed Capacity

(Source: IWEA)



# The potential at 50 Mt Height in GW Gujarat Karnataka Maha



#### The potential at 80 Mt Height in GW



Total 5 States - 83.4

LOOKING AT THE POTENTIAL OF SITING WIND PROJECTS IN GUJARAT, GUJARAT WILL CONTINUE TO BE A KEY PLAYER IN INDIA'S WIND ENERGY MAP.

#### **Regulatory Bodies**

The Ministry of New and Renewable Energy (MNRE) is the nodal Ministry of the Government of India. It takes care of all the matters concerning new and renewable energy. Developing and installing new and renewable energy sources is the broader objective of MNRE. MNRE facilitates the elevation of energy requirements in the country. The MNRE contains the National Institute of Solar Energy and the National Institute of Wind Energy, undertaking activities related to R&D, testing, certification, standardisation, skill development, resource assessment and awareness

Under the administrative control of MNRE, the Government successfully pioneered the 'Solar Energy Corporation of India Limited' (SECI) in September 2011. SECI intended to expedite the implementation of Jawaharlal Nehru National Solar Mission (JNNSM). The scope of SECI was increased thereafter, and now covers the entire renewable energy sector in India.

The Ministry of Power (MoP) governs the electricity sector in India, including renewables for power generation. The Minister of Power also has oversight of the MNRE and is in charge of renewable energy

ataka	Maharashtra	Andhra Pradesh	Tamil Nadu
			10.6 (22%)
		8.6 (17%)	
	5.4 (11%)		
	5.4 (11%)		
	5.4 (11%)		

Total India - 49.1

	35.1 (35%)
13.6 (13%)	
14.5 (14%)	
14.2 (14%)	

Total India - 102.8

## Recent Scenario, Trends and Developments

Indian Renewable Energy Space has experienced regulatory disruptions over the last few years. In the year 2017, there was a shift from feed-in-tariff to reverse auctionbased price discovery. It is considered to be one of the most revolutionary changes in the Indian renewable space. Feed-in-tariff used to cater to wind power generators with a guaranteed price per unit, and thus an assured return on their investments. On the contrary, in the case of reverse bidding, the entity quoting the lowest prices wins the bid. The initial bids were well participated, resulting in dramatically lower renewable energy tariffs due to the competitive price discovery. Thus there was a substantial fall of around 40% in price per unit.

SECI-I was India's first-ever wind power auction held in February 2017, witnessed a record-low wind power tariff of INR 2.76/ kWh (Unit). It was 40% lower than the feedin-tariff rates. The total volume auctioned in SECI-I was 1,050 MW. India has auctioned a cumulative capacity of XX GW between February 2017 to its 12th auction 2019.

There was a massive decline in tariff rates, reaching an all-time low of INR 2.43/ kWh (Unit) during the GUVNL auction in December 2017. More recently, solar and wind power auctions have been lessattended due to the impact of government policy. Roughly 6.7 GW of auctioned capacity between March-December 2019 did not receive any response from developers. The principal reason behind this slowdown in the developers' interest is the increased perception of risk. These include but are not limited to, a lack of clarity in rule & regulation changes, payment delays from DISCOMS, and delays in grid-connectivity and land acquisition. These issues have increased risks on the part of developers, which has raised their return on investment (ROI) expectations. This has led to increased tariffs at auctions, therefore creating a mismatch between the DISCOM's offered tariffs (tariff upper-caps) and the developer's desired tariffs.

On the bright side, Indian renewable energy space continues to attract foreign capital investments indicating faith in the long-term prospects of this space. Meanwhile, India's renewable generation between April-December 2019 was up 7.0% y-o-y, compared to a drop in thermal energy generation.

#### India: Lowest Wind Tariff Discovered in Reverse Auctions (₹/kWh)



#### Industry Review: From the CEO's Desk

## **Tailwinds**

The government's emphasis on wind energy space resulted in the formulation of various initiatives such as hybrid solar-wind policy, the first-ever policy initiative in the offshore wind energy sector, construction of inter-state Transmission network, etc



From 11.50% in FY17 to 17.00% in FY19, there has been an increase in the Renewable Purchase Obligations for both Solar and Non-Solar



A continuous flow of bids from Centre (SECI), NTPC as well as State Auction from Gujarat, Maharashtra.



Development in WTG technology to harness more power and improve vields.

NEW DEMANDS SHIFTED FROM CAPTIVE USERS (AD DRIVEN) TO THIRD PARTY SALES POST REDUCTION IN ACCELERATED DEPRECIATION

## 13000 MW

Bids of about 13000MW already floated.

#### **Company Overview**

KP Energy Limited is a balance of plant (BoP) solution provider for the Wind Energy industry. The company engages throughout the development process of wind farms, right from conceptualization until the commissioning of the project. KP Energy's end-to-end solution for wind farm development includes services like site identification, site preparation,

#### Revenue Mix FY 2020

construction & erection, power evacuation, and operations & maintenance for the BoP portion of the project. KP Energy endures a vital link in synergizing a gamut of activities concerning utility-scale wind farm development.

#### **Business Model**

KP Energy's business model is wellbalanced integration of three business segments, namely, EPCC, O&M, and IPP.



## **Headwinds**

Removal of Generation Based Incentives (GBI) and the reduction of Accelerated Depreciation benefits.



- Land availability constraints
- Power Evacuation Capacity built up is lagging as compared to bids.
- Stringent Bid Norms and penalties.
- The financial health of Discoms.

#### Few Projects

Hardly few projects are being developed due to constraints listed above, as well as weak tariffs and offtaker's risks along with site related RoW issues enhancing time & cost overruns of the project



Challenges to transport WTG to wind farm location with higher hub height and longer blades

All verticals revolve around the company's core value proposition - being a vital link in synergizing the entire gamut of services concerning utility-scale wind farm development. However, each vertical has a different purpose in establishing the company as a critical player in the Indian wind energy landscape.

> 84.4% 3% 12.6%

#### Opportunity for retail investors

Good opportunity for retail investors, however poor implementation of Open Access Regulations and too many restrictive practices.



- Poor implementation of RPO amongst obligatories.
- Long pending amendment in the Indian Electricity Act to improve the regulatory atmosphere in India.



• The company has built roads, bridges, embankments and also done various engineering assignments to carry wind turbine parts (particularly blades and nacelle) as well as erection cranes across challenging terrains in order to execute its projects.

#### **Construction & Erection**

The company undertakes -

- Civil work related to the WTG foundation and completion of the crane platform
- Connecting such WTGs through 33kv Switchyard (USS), 33kv HV lines across windfarm
- Loading, unloading, inter-carting of WTG parts, their installation & erection, and charging of the wind farm.

#### Power Evacuation, Permits & Approvals

- The company undertakes the responsibility of constructing 33/66kv or 33/220kv power evacuation infrastructure and associated EHV lines.
- The company also works on obtaining all the requisite permits & approvals for setting up & operating a wind farm project from numerous authorities (local, state & central) depending on the location and WTG parameters.

#### **Power Purchase Agreement**

The company offers complete support and assistance in Power Purchase Agreements with DISCOMS and other entities

- The company undertakes operations & maintenance support for the BOP portion of WTG.
- O&M includes managing wind farm, pooling substation (24x7), maintaining HV & EHV network, repairs of access roads, managing power commercials, and site-related RoWs.
- O&M provision suffices the need to continually add value to our core offerings and promising clients of the uninterrupted services with a view of creating an annuity-based revenue stream for the company.
- This initiative provides the company with an annuity-based income, completely unrelated to the performance of capacity additions in the industry and thus its EPCC business.
- Additionally, it also showcases the quality of wind farms, O&M efficiency, and availability developed by the company.



Sr. No.	Site Name & PSS Detials	Capacity in MW	Scope of Work	Start Year of O&M	Overall Availability
1	Matalpur Site : Shevdivadar 66/33kv SS	33.6 MW	Entire BoP OMS from x,mer to metering point at PSS	Since Jun'12	99.62%
2	Ratdi Site: Baradiya 66/33kV SS	33.6 MW	Entire BoP OMS from x,mer to metering point at PSS	Since Apr'14	99.55%
3	Kuchhdi Site: Degam 66/33kv SS	70 MW	Entire BoP OMS from x,mer to metering point at PSS	Since Nov'16	99.52%
4	Mahuva-1 Site: Vaghnagar 66/33kv ss	70 MW	Entire BoP OMS from x,mer to metering point at PSS	Since Mar'17	99.65%
	Total	207.2 MW			

#### Performance Discussion FY20

The financial year 2019-20 proved to be a tough year for the company, Revenue from Operations for FY20 stood at 74.9 Crores compared to 158.4 Crores in FY19, registering a 52.7% decline on a y-o-y basis. EBITDA for FY20 stood at 10.8 Crores compared to 32.9 Crores in the previous year, registering a 67.1% decline on a y-o-y basis. The PAT for FY20 stood at 1.1 Crores and 19.43 Crores, registering a 94.3% decline on a y-o-y basis.

The overall financial performance for the year was severely impacted due to a convergence of many adverse external factors. First, sectoral constraints and a down-cycle in the wind energy industry impacted our core EPC business. Additionally, delay in project executions under the EPC segment due to a variety of factors led to incomplete project milestones and deferment of revenue from the financial year under review, eventually getting rolled over now with higher tariffs and larger timelines. A 53% drop in our revenue from operations coupled with a fixed-cost structure has completely decimated our bottom line.

#### Outlook

The company has a healthy order book above 1 GW of wind energy projects to be executed until FY2021-22. Clear business visibility, coupled with increasing tariffs, improving WTG technologies, increasing efficiency due to larger rotors and higher hubs, should be the driving factors that will help us find our way back to higher earnings growth. On the asset front, we have invested in a transmission line infrastructure, which is under construction. Once monetized in the upcoming bid opportunities, this will prove to be a significant gain for the company.

#### **Business Pipeline**

Sr. No.	Project Name	Туре	Capacity (MW)	Expected Completion	
1	Mahuva-I	Retail	15	December 2020	
2	Mahuva-II	Retail	30	June 2021	
3	Mahuva-III	Retail	50	June 2021	
4	Mahuva-IV	Retail	EE	March 2022	
5	Mahuva-V	Retail	55	March 2022	
6	Vanki	IPP	300	March 2022	
7	Sidhpur-I	IPP	300	December 2021	
8	Sidhpur-II	IPP	250.8	December 2021	
Total			1000.8	By March 2022	

#### **Risk and Concerns**

#### **Regulatory Changes**

Our industry is a segment of the renewable energy industry. The renewable energy industry is eminently a regulated space, wherein any changes in Government and regulatory policies may impact our performance. Any adverse changes in the wind energy policy or amendments in policies related to power evacuation facilities can significantly impact the operations of the company. There was a shift from feed-in-tariff to auctions in the year 2017. This abrupt change led to the fall of the entire sector's performance in the last two years.

#### Wind Sector Performance

Our revenue streams are derived from capital expenditure in the wind energy space by either Independent Power Producer (IPP) or Captive Power Producers (CPP). Depending upon the capital expenditure scenario and cycle, a reduction

