

KPI GREEN ENERGY LIMITED

(Formerly known as K.P.I. Global Infrastructure Limited)

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Date: June 5, 2023

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Scrip Code: 542323

Symbol: KPIGREEN

Sub.: Transcript of Investors/Analyst Earnings Conference Call held on June 1, 2023

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Dear Sir/Madam,

Further to our communication dated May 30, 2023 and June 1, 2023, please find enclosed the transcript of the Earning Conference Call held on Thursday, June 1, 2023 at 04:30 PM to discuss the audited financial results for the quarter and financial year ended March 31, 2023.

This intimation is also available on the website of the Company at www.kpigreenenergy.com.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

For KPI Green Energy Limited

(Formerly known on K.P.I. Global Infrastructure Limited)

Moh. Sohil Yusuf Dabhoya

Whole Time Director

DIN: 07112947

Encl.: a/a

KPI GREEN ENERGY LIMITED

(Formerly known as K.P.I. Global Infrastructure Limited)

Q4 FY'23 Earnings Conference Call

June 01, 2023

MANAGEMENT:

- 1. FARUKBHAI G. PATEL, CHAIRMAN & MANAGING DIRECTOR**
- 2. SALIM YAHOO, CHIEF FINANCIAL OFFICER**

Moderator:

Welcome to the Q4 FY23 Conference Call of KPI Green Energy Limited. 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 your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Faruk Patel, Chairman and Managing Director of KPI Green Energy Limited. Thank you and over to you sir.

Farukbhai G. Patel:

Thank you very much. I am Faruk. Good evening, everyone. I welcome you all to the Fourth Quarter & FY23 Investor Call for KPI Green Energy Limited. The Board of KPI Green Energy Limited on 26, May 2023 approved the company's financial results for the fourth quarter and for the year '22-23. Our "Results and Updated Presentation" have been sent to the stock exchange and have also been uploaded on the company's website.

We will discuss the operation of the company on the consolidated basis. The company reported YoY growth of 179% from INR231.51 crores to INR647.03 crores and it also registered a quarterly growth from INR179.66 crores to INR184.41 crores as compared to Q3 of Financial Year '22-23.

In this year, company has registered the highest ever PAT, which is a three-digit number at INR109.6 crores.

The company also has commissioned its first hybrid IPP project comprising of 16.1 MW wind plus 10 MW solar in March '23. Together with this hybrid IPP project, the company up to March '23 has energized a cumulative capacity of 137 plus MW, and that under CPP175-plus MW, thereby totaling to 312 plus MW.

The company made history by commissioning a Seventh Turbine under the hybrid policy in South Gujarat, that has resulted in opening of new markets for the wind energy in South Gujarat.

Now, I will ask Mr. Salim Yahoo, our CFO, to brief you on the Key Highlights of the Financials for the Year '23.

Salim Yahoo:

Thank you for your insight on the company. As M.D. said, the company reported year-on-year growth of 179% from INR231.51 crores to INR647.03 crores and it also registered quarterly growth from INR179.66 crores to INR184.41 crores as compared to the Q3 OF FY22-23.

The year-on-year EBITDA grew to 91% from INR110.35 crores to INR211.25 crores, whereas EBITDA margin moved from 47.6% to 32.65%, which is primarily attributed to the change in the revenue mix.

Year-on-year consolidated PBT grew by 139% from 59.76 crores to INR141.87 crores and subsequently PAT also grew from INR43.25 crores to INR109.63 crores.

Since we have two segments and in A segment wise, if I go, under the IPP segment, the company has energized totally 36 plus MW which includes our hybrid project of 20 MW. With the cumulative consolidated capacity energized under IPP segment as at the end of FY22-23 at 137 MW. The 26.1 MW hybrid IPD project has been capitalized in this Q4 of '22-23 and the revenue for the same shall start to accrue in FY23-24 onwards.

During the year, FY22-23 on consolidated basis under the CPP segment, the company has energized total 111 MW, which includes some hybrid projects also with the cumulative consolidated capacity energized under CPP segment, as at the end of the FY22-23 at 175 plus MW.

IPP orders in hand at current is around 42 MW, whereas the CPP orders that we have in hand is around 74 MW, which includes hybrid.

The year-on-year consolidated sales of captive projects grew by 225% from INR168.39 crores to INR549.97 crores. And that under the IPP segment grew by 64% from 57.59 crores to 94.73 crores.

The ratio of revenue mix between CPP and IPP has changed from 75:25 in FY22 to 85:15 which has led to the change in the overall margin also.

Now if you look at the operational cash flows, the net consolidated cash generated from the operating activities substantially by 56% from 102.38 crores to 159.38 crores.

Moving on to the CAPEX part, the company has incurred CAPEX amounting to 266.27 crores during the FY22-23, both the hybrid and solar IPP of 36 MW including the land parcel and infrastructure. CAPEX was funded through a combination of debt and internal accruals with the debt of 159.75 crores and internal accruals of 106 crores. The CAPEX have been incurred by delicately balancing between the debt and equity, which is around 2:1 and consciously we try to maintain the debt-equity at healthy levels.

These are the brief synopsis of our financial highlights. I would like to ask the moderator to open the line for the questions and answers.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Piyush Mehta from **SUDHIR BEDA**. Please go ahead.

Piyush Mehta: I have a few basic questions. First one is what is the average realization for the CPP projects per MW?

Salim Yahoo: So, our average realization for CPP project is around 4.25 to 4.50 crores per MW.

Piyush Mehta: When we compare to this with an IPP project per MW what is the average cost of putting up an IPP project and when you do that, does it also include the land cost or you exclude that from it?

Salim Yahoo: So, you want to understand the average land cost for the project. CPP or IPP you're asking about, right?

Piyush Mehta: I'm think CPP is still simpler to understand in terms of the average cost, but when it comes to IPP it is not as simple.

Salim Yahoo: You need to understand the cost of the project depends on multiple factors which includes the size of the project, the transmission voltage, whether it is 11 kV or 66 kV and the infrastructure cost which is the transmission and infrastructure around plant. Approximately cost ranges between 3.75 per MW to 4.10 MW.

Piyush Mehta: When you mentioned say transmission voltage and all, what is the range that we offer here?

Salim Yahoo: Transmission lines we offer are 11 kV and 66 kV. These are the two transmission structures that we have.

Piyush Mehta: And I'd asked this previously also. In terms of the average cost of land, which is in your books, what is that and how is it changed over FY22 to FY23?

Salim Yahoo: If you look at our books, the current capitalization of land in our books on the consolidated is around 82.80 crores which is you need to understand the purchase pricing what we are calculating. But altogether the current valuation of the plant would go around 700.

Moderator: The next question is from the line of Mr. Sudhir Beda from Right Time Private Limited. Please go ahead.

Sudhir Beda: Sir, I have three questions. So, first question, as of March, we have completed IPP of 137 MW and CPP of 175. So, what is the target for FY24, that means current year for IPP as well as CPP?

Salim Yahoo: So, if you look at, we have given a stellar results year-on-year. But if you look at the market conditions and everything at the same time, the growing economy, we have minimum target growth of 50% to 60% in both the segments, that is the minimum I would like to highlight and there is no ceiling to it, I mean, at the end if we get a better deal than funding, at the same time, we can add to that on the IPP side also on the CPP side.

Sudhir Beda: So, 50% growth in terms of MW, right. But if we take the 50% growth in CPP, but that doesn't match with the order, we have only 74 -?

Salim Yahoo: 50% to 60% top line growth I'm talking about top line growth for the megawatt. I may add somewhere between 25 to 50 MW this year minimum. Going forward also we will add to that. As you are aware that now our target is that by 2025 we have to touch 1,000 MW that's 1 GW. So, accordingly we will match that. But on the conservative side, we will grow 50% to 60% overall. I am highlighting the minimum which we will be doing.

Sudhir Beda: Growth of 50% to 60% for the current financial year, right? So, that sounds very good. But in CPP, we don't have that much of order book. So, do you expect now the order to come?

Salim Yahoo: Yes. See, at present I have CPP order book you must have seen the presentation as 74 plus, 35 we have added new which is uploaded on the stock exchange also. So, altogether we have 109 MW and if I calculate that into around it will go under 430 crores order book. As on date, there are a lot of orders which are in the pipeline which we expect to finalize within the next couple of months, so those will also get added to it.

Sudhir Beda: So, you are expecting good orders book to flow in, right?

Salim Yahoo: Yes, sir. At present, I'm sitting on 425, 450 kind of order book in CPP itself.

Sudhir Beda: Sir, my second question is suppose our target is 1 GW by 2025, so 250 of IPP and 750 of CPP. So, when we are able to complete that so what would be our annuity per year of IPP as well as O&M for CPP on a longer perspective of the company?

Salim Yahoo: You want to understand the annuity on the CPP side and the IPP power saver, so that also is an annuity income, right? So, let me just give you a little perspective on the CPP side. CPP side, if I put 1 MW, I get annuity income of O&M lease of Rs.10 lakhs. So, here you can calculate 1,000 MW is automatically calculated into Rs.100 crores.

Farukbhai G. Patel: The growth of percentage year-on-year together. We will somewhere around 340 crores, 350 crores per ten year as an annuity income for the 25 years. And IPP, as you know, today we have reached 100 for whole year revenue from the IPP. This is going to increase to 250 by end of 50 MW, means Rs.250 crores. From the IPP Rs.75 crores you can say only, which will be the average revenue annuity income at 325 per annum it will last long for 25 years and EBITDA will be 74 percentage and that's the main thing which we are already highlighting, the 74% is out of 350 that you can calculate almost about to 75.

Moderator: The next question is from the line of Niket Shah from **ANURAG ROONWAL**. Please go ahead.

Niket Shah: My first question is, what is the current status of the policy for IPP as of now, are we under open access policy or and what is the status for hybrid policy right now?

Salim Yahoo: Current solar policy is valid till 31st December 2025 and we are into open access policy where this policy is running. The current hybrid policy shall expire on 18th of June this year. However, we expect a better policy to be rolled out with extended benefits.

Niket Shah: Better margin is under the hybrid compared to the regular one and what's the difference between both in quantum?

Salim Yahoo: See, there are certain benefits under the hybrid policy, like monthly banking, transmission costs we charge only for the lead generators, for example, if there is wind and solar transmission charges, if the wind is the leader, it will be charged only for that. And there are other benefits like. you'll have a higher PLF when it comes to wind. So, these results in a better EBITDA as compared to the pure solar project in case of IPP project. As the power generation of the high grade IPP project commissioned in FY23 which we have done right now shall be booked in the revenue of FY23-24 which will not be seen in this year financial because the project was completed in the last quarter.

Niket Shah: And our current breakup between CPP, IPP is 85:15. So, are we going to stay at same percent or we will again move?

Salim Yahoo: You need to understand that the IPP projects are capital-intensive. The revenue mix would depend upon various factors; we need to maintain a healthy leverage ratio so that doesn't hamper my ratings also, there is a tax planning aspect to that also, there should be sufficient free cash flows also. So, we expect the mix to be some more less on the similar line. But as we see that the cash flows are generated more, then we can increase more of IPP revenue will be a little bit different, not too much different but to be in the similar range.

Moderator: The next question is from the line of Anurag Roonwal from Honeybee Investment Advisors. Please go ahead.

Anurag Roonwal: My question is actually I wanted to understand the differentiation between solar wind and hybrid in terms of you the PLF that we get from these plants, the CAPEX that is incurred and what is the payback period for these projects, so you can sort of highlight between these three kind of projects?

Salim Yahoo: Solar PLF when I calculate on the AC side, it is around 26..36, around that we have seen in the last year. Now, when we have done this time, but we expect the wind PLF is around 36%.

Anurag Roonwal: In hybrid projects?

Salim Yahoo: See, hybrid, if you calculate both at around 48%, you may take the weighted average of both.

Anurag Roonwal: And what is the CAPEX cost and the payback period for these projects?

Salim Yahoo: See, the CAPEX is related with generation. You know there's wind PLF is almost double and the cost is proportionally higher.

Anurag Roonwal: In terms of payback if you can -?

Salim Yahoo: The payback period might be five to seven years, would be around 15 to 17, 18.

Anurag Roonwal: This you're talking about which project, sir?

Salim Yahoo: We're talking about hybrid, right?

Anurag Roonwal: Five to seven years, you're saying In hybrid projects?

Salim Yahoo: Yes.

Anurag Roonwal: And two bookkeeping questions that I had. One is I can see the investment of 67 crores. What is that related to?

Salim Yahoo: Rs.67 crores if you see here, it's only seen in the standalone, it's an investment into 100% wholly owned subsidiary, the KPI Generals and Sundrop, the two subsidiaries of KPI.

Anurag Roonwal: And in the finance cost, if you can give the bifurcation between the interest cost and the lease cost that we have, because I understand there are lease assets which are lying in the books which are appearing in borrowings?

Salim Yahoo: The lease finance cost is around Rs.13.46 crores out of the total Finance cost of 46.76 crores.

Moderator: The next question is from the line of Devang Karani, an individual investor. Please go ahead.

Devang Karani: Sir, I would like to ask, what is the meaning of orders in hand in IPP, sir?

Salim Yahoo: See, average order in hand in IPP are the orders which you can see that, we have PPA agreements which are kept as an additional PPA agreement where the IPP project is not set up because IPP project decision period is around three to nine months. So, depending upon the size and the type of projects we are working it, might go up and all this. We keep on attending several customers and they don't want to miss out in the queue for getting that power at a discounted rate. They signed out the PPAs with us and we also have a comfort that we have additional PPAs in hand. So, that's why we keep that. So, those are orders in hand, where we have signed the PPA, but yet to supply the power.

Devang Karani: What would be additional CAPEX required, sir, for this 42 MW order that we have in hand?

Salim Yahoo: We have already given you per MW requirement for setting up the IPP, it's around 4.2 to 4.5 something comes to around. So, if you could just multiply with this you automatically get this.

Devang Karani: And what would be the average cost of debt on the books, sir?

Salim Yahoo: It is around 9%.

Devang Karani: And what would be the tenure, sir, by when would we pay back these loans?

Salim Yahoo: All my. term loans are capital-intensive loans are around 10 to 13 years. So, the payback period will be around 10 to 13 years for all these works. So, my hybrid project which will be started in March '36.

Devang Karani: In the presentation we have given 846 plus MW cumulative power evacuation capacity, sir And we are targeting about 1000 MW or 1 GW sir. So, how would we provide the land for the basic for the differential MW that we are planning?

Salim Yahoo: We are targeting this 1000 MW by calendar year 2025, rest of the day 154 MW evacuation as if we say we will get it by that time and unless if we are failing in that still we have the capacity because it's 840 we can go up to 1,200. So, understand how is the backup plan we try. AC capacity evacuation we have and whatever we are talking 1,000 MW is a DC side. So, in that case if we do not get, still we will do it in this, but we are confident we will make it.

Moderator: The next question is from the line of Sudhir Beda from Right Time Private Limited. Please go ahead.

Sudhir Beda: I'm studying a lot of other unlisted renewable companies, because peers in the listed space, pure IPP and CPP players is not available, but the other lot of non-listed companies making losses, but here we are making good profit and we are doing the business with a very good margin. So, What is our USP and how we are different from the other companies, just wanted to understand that?

Farukbhai G. Patel: This type of I think the question should not be answerable on this platform because this is the only USP or only business trade what we are doing is, we are giving you the surety that we are not doing anything wrong, everything is clear

and we are doing it, and we are making good profit in our company. As far as concern of how we do it, one once you come we will share it with you. But one thing is very sure 110% we are doing everything in a legal way with the very transparency and nothing to hide or something, but the style is different and I think you understand what the style is different, because we are the only ones who are doing IPP and CPP cumulative in one company, that's the USP for our company.

Sudhir Beda: And we are getting a higher rate I believe compared to other because we are into B2C company maybe -

Farukbhai G. Patel: The others are having confidence in our company, so they are giving a good order and we are doing this in a very fast way, people are taking 18 months but we are doing in three to six months, number one. Number two, we are making the pipeline ready two or three years ago, that's the benefit also. And third is whatever team are doing the hard work that makes and that's conversing in a profit, that's it.

Moderator: The next question is from the line of Tanav Garg from Garg Advisors. Please go ahead.

Tanav Garg: So, sir, my question is when we typically bid for any solar project, what is the size of the project, I mean, is it a 10 MW project or 100 MW, I mean do we have a constraint there?

Salim Yahoo: There is no constraint. We can take as low as 1 MW also and we can go up to 30, 40 MW also on the CPP side. See, we have an expertise, we have built our own 135 MW. Current order, if you see what we have got is around 35 MW order which we have got. So, size is not an issue for us, we have the capabilities to execute higher orders.

Tanav Garg: And then just a follow up on this, like who funds the working capital for the CPP project since I think, let's say if you're going for a 20 MW project and I think you said it's a 4 crores is the cost, so that means it's 80 crores of working capital gets used, right, so I mean, is it funded by the client or we need to use our own working? Capital for this.

Salim Yahoo: So, it's partial. There is some advanced things from the client as well as we where we want to stock up the prices and get benefit on that. We would take working capital to get the inventory in hand so that we can exhibit faster.

Tanav Garg: The last question is just given we also do O&M project site for the plants that we have created. So, I'm trying to understand what is the cost per MW, let's say per year cost per MW for operation and maintenance?

Salim Yahoo: It's minimal, around 2 lakhs per megawatts we can say.

Tanav Garg: So, I was trying to understand what can be the recurring revenue stream let's say for CPP projects, but it's like two ₹2 lakhs per MW, right?

Salim Yahoo: See if you understand I told the cost that I incur. I charge to the customer 5 lakhs per MW.

Tanav Garg: The last question before I close this, that's like, so we have seen it in Sterling and Wilson, one of your earlier competitors, so they had to do a significant write off because they couldn't meet the expected standards which were provided by the customers, right, when they bid the project. Now just taking it from the same experience, I want to understand like who bear this risk, do we have our suppliers who bear the risk or like where does that go?

Salim Yahoo: See, first of all, we don't any bid projects. In our CPP project, we give 85% generation guarantee to the customers and till date we have not even asked one customer coming up with any lower generation. And then whereas the

balance of the projects, you are aware that some of them are already warranted for 2030?

Tanav Garg: So, basically then we don't have this risk because it's a long tenure project, right?

Salim Yahoo: No, we don't, have that risk.

Moderator: The next question is from the line of Rakesh Davera from FourR investments. Please go ahead.

Rakesh Davera: My first question is about RFP certificates and the realization rate of it. What it is from the last year, how much we realized?

Salim Yahoo: In '22-23, we have realized around Rs.25-30 lakhs as many of the 7 kW projects are under registration process. Now, since it's a miniscule, we don't go too much into calculation of that. Per can unit you can say Rs.1.00, something like that.

Rakesh Davera: And what about the loan assistance for IPP as on today?

Salim Yahoo: As on 31st March it is 409 crores on the terminal side on the IPP side.

Rakesh Davera: As management mentioned before that we have Rs.266 crores of debt. So, if I'm not wrong, like we are arranging it in source of debt of 159 crores from outside and Rs.106 from the internal accrual. And what portion is towards CPP and IPP?

Salim Yahoo: Sorry, I mean I didn't get your questions.

Rakesh Davera: My question is about the loan assistance for IPP as on today.

Salim Yahoo: And you mentioned that 266 crores of debt capital we need for the IPP and CPP.

Salim Yahoo: So, we have already incurred that CAPEX in the last year, CAPEX crossed to Rs.68 crores, in which the debt which was taken was Rs.159 crores and rest from internal accruals

Rakesh Davera: And last question is like where do we maintain the stock panels and whether it's to fulfill the supplies or are we maintaining it at the optimum rates?

Farukbhai G. Patel: There are multiple things for which we have we have given a time, we do not earn anything for our own CPP and our own CAPEX also, and at the same time we want to take the advantage of the price.

Salim Yahoo: And you understand that we have 109 crores of CPP orders in hand, which is around 450 crores. So, you can understand the stock that we need is quite low compared to what the order in hand.

Rakesh Davera: Whether it will definitely help in maintaining good margins and getting discount rates?

Farukbhai G. Patel: Yes.

Rakesh Davera: Finally, in 2022 year end we have like 100 plus order book and currently in 2023 we are with 116 plus MW order. So, the difference is slightly lower than anticipated. And what about the future visibility?

Salim Yahoo: I think the latest which we have offered on the stock exchange was CPP around 109 in CPP whereas 42 in IPP. And we have a long list of IPP, but we cautiously try to avoid until and unless we have a CAPEX plan which is going sidewise immediately.

Rakesh Davera: And my understanding is like with the CPP, we are going with volumes and IPP with margins, is that the right understanding?

Farukbhai G. Patel: See, you are right.

- Salim Yahoo:** Typically adds to the top line and IPP adds to the bottom.
- Moderator:** The next question is from the line of Satish Venkat, an individual investor. Please go ahead.
- Satish Venkat:** My first question is, sir, our business is on IPP and CPP. But, recently, sir, our group company, KPI Energy is also planning to enter into IPP segment. So, will it not create competition within our company?
- Salim Yahoo:** There are different set of customers –
- Farukbhai G. Patel:** Nothing will be hampered to any company, don't worry. We have so many competitors already. So, we do not compete with each other.
- Satish Venkat:** And my next question is, sir, our company's complete business is in Gujarat. So, do you have any plans to -?
- Farukbhai G. Patel:** In future, we are going to expand to the other states. Answer is yes. We are trying our best to put everywhere footprint. But in in Gujarat, very easy for today. So, we are getting it, tomorrow if we need it, we'll do and we are trying out this Telangana and Rajasthan and MP and Maharashtra and Karnataka, so many, we are going to move ahead with these targets also.
- Satish Venkat:** Sir, last question, we have some business dealing with the Tristar Transport. So, what is the deal regarding, what kind of business we are doing with them?
- Farukbhai G. Patel:** Tristar is a UAE company and they are very big company in hydrogen, they have the very good logistic things over there, they have 2000 trucks for the hydrogen and the liquid things they are supplying to all UAE countries and so that we start with them in hydrogen field. So, automatically our renewable also will support the green hydrogen. So, altogether you can see the advanced engineering for this subject. Do You understand what I'm trying to say?

- Satish Venkat:** Yes. But this complete business is through our KPI Green?
- Farukbhai G. Patel:** Yes, yes, that is a power company only And where we are going to do in UAE, with the support of KPI and KP Energy and KP Buildcon, we are going to start the green hydrogen project in the UAE.
- Moderator:** The next question is from the line of Niket Shah from SN Finvest. Please go ahead.
- Niket Shah:** Yes, once we are in this hybrid policy, are we going to watch KPI Green and KPI Energy, do we have plan something like that?
- Farukbhai G. Patel:** **(inaudible) (Hindi) 46:12.** Of course, I want to have revenue of 100%.
- Moderator:** The next question is from the line of Vikas Jain, an individual investor. Please go ahead.
- Vikas Jain:** Sir, I'm a retail individual investor. I'm firstly very inspired from your story. And my one question is that, whatever raw material that requires for KPI energy, do we import or do we have a inbuilt in-house like solar panel and solar module?
- Farukbhai G. Patel:** Till date we have we have not imported anything in the company. But in future if we required we will import.
- Vikas Jain:** One more thing I want to tell that whatever KPI Foundation doing is really good and I really admire that you are doing very great for the society and for the children.
- Farukbhai G. Patel:** Thank you very much for appreciation for KPI Human Foundation. We are very clear. Whatever we have got from the society, we have to give back to the society, That is our aim.

Moderator: The next question is from the line of Anurag Roonwal from Moneybee Investment Advisors. Please come ahead.

Anurag Roonwal: In the opening remarks, you mentioned that the EBITDA margins have come down because of the change in mix between CPP and IPP. So, I wanted to understand what is the difference in margins between these two segments between CPP and IPP?

Farukbhai G. Patel: IPP is a totally CAPEX based business where we sell the energy and we get the 60%, 70%. And the CPP is again the EPC contract like things. So, over there of course the competition and the things are not long-term. So, many things are coming in the year. So, every month the rate will be changing and every customer is changing over there. And of course, we were doing before 30% to 35% IPP and rest of CPP. Because of the top line we want, so we have done 85% of the CPP and 15% of the IPP. So, naturally, the EBITDA will dilute by CPP.

Anurag Roonwal: But if you can give the percentage EBITDA margin in both the businesses, is that possible, the percentage EBITDA that we earn in IPP?

Salim Yahoo: 22% to 25% can be this.

Anurag Roonwal: And in IPP?

Farukbhai G. Patel: It's a 70-75%.

Anurag Roonwal: Now in terms of IPP, so I understand in FY23 you generated around 14.7 crores units. These were sold to the customers in IPP segment. What is the target for FY24 in this?

Farukbhai G. Patel: So, our target is at least 22 crores unit.

Anurag Roonwal: And what is the realization that you got in IPP segment through sale of electricity in FY23?

Farukbhai G. Patel: So, 6.45 into 22,. you will get at least Rs.140 crores from the IPP. One thing I'll put the note here that our 25 years, 100 crores PAT will be fixed.

Moderator: The next question is from the line of Akhilesh Kumar from AdPro Technologies. Please go ahead.

Akhilesh Kumar: Sir, I wanted to know about the high level of debt we are having on our books, like say, around Rs.625 crores. So, what is our debt-to-equity ratio right now and do we plan to bring that ratio to more reasonable level?

Salim Yahoo: I already explained you, the debt-equity ratio is 2:1 at present, which is the healthy ratio for which is a capital-intensive industry and that's the reason our rating is also 'A' category.

Akhilesh Kumar: So, this year also we can expect like it might go further or -?

Salim Yahoo: Yes, we'll try to maintain that ratio.

Farukbhai G. Patel: We will try our best to make the same way.

Akhilesh Kumar: And I wanted to know like we are carrying the land of around you said 700 crores the value, but do we own all the land or we have part of that as on lease for a long -?

Salim Yahoo: I told you the 700 crores is the land that we own, out of 1,347 the total land bank 374 that you have seen in the presentation, 700 is own land.

Akhilesh Kumar: So, the majority of that is owned land, right?

Salim Yahoo: Yes.

Akhilesh Kumar: And going forward like say, do we want like to become a bigger size player right now like say NTPC or any other government tender they ask 250 MW kind of a thing, do we have that kind of scale?

Salim Yahoo: Yes, we are going in that also and we have a separate team for that and we are trying to reach the field also in this.

Moderator: The next question is from the line of Rushil Selarka from Pioneer Investcorp. Please go ahead.

Rushil Selarka: My question is, does cash balance also include debt service reserve account? And can you tell what is the free cash balance after providing for that service reserve account deposits?

Salim Yahoo: Yes, it includes the does service reserve account. And the free cash flows would be around Rs.4.2 crores.

Rushil Selarka: And sir, what is our total land bank as of now and how much is leased and how much is owned

Salim Yahoo: Out of 1374, 700 is our own and this is 674 is the leased.

Rushil Selarka: And the last question is the O&M lease income, which is shown in the presentation, which is 5 crores plus, what is this and do you expect this income to increase further?

Farukbhai G. Patel: Of course, this income will be increased further year-to-year. So, when we reach 750 approximately Rs.75 crores in annuity income for the company in 25 years.

Rushil Selarka: And sir, can you explain this O&M income, what is it about, can you just give a break on this income?

Farukbhai G. Patel: Rishi, please repeat the last few sentences.

Rushil Selarka: Can you explain the O&M and lease income exactly as an income generator?

Farukbhai G. Patel: (inaudible) (Hindi) 56:20-

Farukbhai G. Patel: Every year, 2-3% party-to-party escalation are there.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Salim Yahoo, Chief Financial Officer of KPI Green Energy Limited for closing comments.

Salim Yahoo: I thank all for this hard full time for the participants who have shown interest in our business and have asked good sets of questions and our special thanks to our Chairman and Managing Director, Mr. Faruk Patel, for taking out time and being present for this investor call. We assure we are achieving newer heights as we go forward and achieving new milestones which will be seen in the coming years. Thanks for the participation. Thank you, all.

Moderator: Ladies and gentlemen, on behalf of KPI Green Energy Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
