GUJARAT INDUSTRIES POWER COMPANY LTD.
Regd. Office: P.O. Ranoli – 391 350, Dist. Vadodara, Gujarat – INDIA
CIN: L99999GJ1985PLC007868

Ref.: SE/AnalystMeet/Outcome_June2023 Date: 20th June, 2023

The General Manager Corporate Relations Department BSE Ltd. 1st Floor, New Trading Ring Sir Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai: 400001.	The General Manager Listing Department National Stock Exchange of India Ltd. "Exchange Plaza", C-l, Block 'G', Bandra-Kurla Complex, Bandra (East) Mumbai: 400 051.
Scrip Code: 517300	Scrip Symbol: GIPCL.

Ref.: Our letters dated 08th June, 2023.

Sub.: Transcript of Conference Call held on 14th June, 2023.

Dear Sir / Madam,

With reference to our letter dated 08th June, 2023, regarding Conference Call held on 14th June, 2023, post declaration of Audited Financial Results of the Company for the Fourth Quarter (Q4) and FY 2022-23 ended on 31st March, 2023, we are enclosing herewith a copy of the transcript of said Conference Call.

The aforesaid information is also disclosed on the website of the Company at https://www.gipcl.com/analysts-institutional-investors-meet.htm

Kindly take the above on your records and acknowledge the receipt.

Thanking you,

Yours faithfully,
For Gujarat Industries Power Company Limited

SHALIN MUKESH PATEL

CS Shalin Patel
Company Secretary and Compliance Officer

Encl.: as above

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"Gujarat Industries Power Company Limited Q4 FY'23 Post Results Conference Call"

June 14, 2023

ICICI Securities

ANURAG SERVICES LLP
Advertising, Digital & Branding Solutions

CHORUS CALL

MANAGEMENT: **MR. K.K. BHATT – GENERAL MANAGER AND CHIEF FINANCIAL OFFICER – GUJARAT INDUSTRIES POWER COMPANY LIMITED**
MR. SHALIN PATEL – COMPANY SECRETARY AND COMPLIANCE OFFICER – GUJARAT INDUSTRIES POWER COMPANY LIMITED

MODERATOR: **MR. BHARAT JAIN – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Gujarat Industries Power Company Limited conference call hosted by ICICI Securities. 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bharat Jain from ICICI Securities. Thank you and over to you, sir.

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Bharat Jain: Thank you. Good day, everyone. On behalf of ICICI Securities, I welcome you all to the Q4 FY23 post-results conference call of Gujarat Industries Power Company Limited. Today, we are pleased to host the senior management of the company represented by Mr. KK Bhatt, General Manager and CFO, and Mr. Shalin Patel, Company Secretary and Compliance Officer, and other senior officials from the management. As directed by the management, we will directly open the lines for the Q&A session. Thank you.

Megh Shah: Good afternoon, sir. My question, first question is related to the March quarter. The March quarter was a good quarter from the revenue point of view and profitability point of view. So, my question is that whether there is any extra income received on account of the higher PLF or something like that or is the normal income only?

Management: See this is a normal income only.

Megh Shah: So what was the PLF for the full year, sir?

Management: Basically, Thermal and RE i.e. lines, solar, wind, mining, SLPP. All have different kind of PAF/CUF. Let me explain you. See, all the payments which we are going to get from GUVNL based on the PPA, which are technically, categorically takes into consideration passed on yearly commercial availability of the stations. So, therein as per PPA, there are certain other factors also, like fuel cost reimbursement on actual basis as per the commercial term of PPA. So all these things have to be worked out, crystallized at the year end. Water charges, O&M charges, all these things are being calculated on yearly basis and based on that, this is a normal income only.

Megh Shah: But any outstanding income we are recognizing this quarter or for billing or only the normal income?

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Management: It is a normal income only.

Megh Shah: So can we expect this even run rate just for the next few quarters or there will be a dip in the next quarter because the quarter 4 reported the highest revenue and highest profit of the FY23?

Management: Mr. Shah, as I explained to you, on yearly basis, there are certain factors getting crystallized as per PPA. So we have to book accordingly. So accordingly, it has been booked as a normal commercial income.

Megh Shah: But can we expect that this is the run rate for the other quarter or it is the only seasonality factor is there, every year the quarter 4 will report the higher revenue and higher profit?

Management: There is nothing like seasonality like other business. It is governed by PPA. Again and again I am telling you, every year, see first quarter bill will be, based on the current year's data, we are going to bill to GUVNL provisionally, certain gist are being billed provisionally. At the year end, when actual figures are being worked out, whatever is the differential we have to bill. So, this is a norm–al phenomena as per PPA. First quarter again would be as good as last year's current quarter only.

Megh Shah: Sir, because I am asking this question repeatedly, because we are recovering the fixed cost on the basis of the plant availability factor and if our plant were commercially available as per the PPA, then we recover the full amount of the fixed cost. It means this year we have recovered the full amount as per the PPA. And so nothing, because last year we could not recover the full amount of the fixed cost as per my understanding. It can be wrong also, sir.

Management: You are right, absolutely correct. Last year we could not recover because of the economiser beam issue which was resolved. And this year also, one unit we have again replaced the economiser beam and that is the reason and COH of unit 4 was being taken care of in the current year. So current year also there is an under-recovery of fixed cost as compared to previous year. But plants have performed very well, so we could manage the profitability as per PPA in a well-behaved manner.

Megh Shah: So our PLF, generally we recognize the PLF as the efficiency of the plant. And is there any connection of the PLF with the profitability and revenue or whatever with the PLF, whether the PLF is higher or lower, it has no connection with the profitability?

Management: See, PLF has certain level of connectivity with the profitability but not in totality. Commercial availability is more important because our plant is available and if I am not being allowed to generate because of some factors like wind is more, solar generation is more in the grid, so I am not being told to generate, even I am available, so I will be going to get the full fixed cost. So these are the factors which play into consideration.

Megh Shah: Sir, we were supposed to receive some insurance amount on account of the loss of profit from the insurance company. Do we have received anything or it is still in the pipeline?

Management: That insurance claim is under process. As you know, big claims generally take time. But we are hopeful that most queries have been sorted out and I think this financial year we are expecting the recovery from the insurance company, loss of material and subsequent to loss of material, insurance company will take into consideration loss of profit.

Megh Shah: And what will be the amount, approximately amount of that amount?

Management: INR5 crores INR3 crores-INR4 crores would be material loss and loss of profit is around INR12 crores-INR15 crores.

Megh Shah: And sir, what is the revenue and EBITDA of the non-renewable and renewable for FY23?

Management: The EBITDA of renewable division, you are asking just a minute that we have to work out.

Megh Shah: And the revenue?

Management: Revenue from, you are asking about the RE division?

Megh Shah: Yes, RE division and non-renewable, Lignite and because the gas plant was not operating in FY23, so only the Lignite versus solar and wind.

Management: Just a minute. Thermal division total sales is 483, sorry, 1,082 crores sales.

Megh Shah: Yes, 1,082 lakhs.

Management: And for renewable, it is around, Rs. 266 crores.

Megh Shah: And EBITDA number?

Management: EBITDA we have to work out, I can tell you, just a minute. EBITDA from renewable is 231 crores, INR231 crores and from RE it would be around226 crores.

Megh Shah: Lignite.

Management: Thermal, just a minute226 crores roughly.

Megh Shah: Okay, sir. And sir, what is the progress status of the Khavda and when the first commercial production will start? What is the fund utilized still today?

Management: See, the Khavda, we are going to set up 600-megawatt solar project for which LOI has already been issued by GUVNL and PPA is likely to be executed at INR2.73 paisa and the timeline for the project commercial start is November 2024. So, initial BOS tenders have already been placed and PV module is likely to take place, major two tenders are likely to be over by next three months and other related works have already started at this time. The park activities are at full swing for which necessary tenders all are in place. So, park activities are going on at full swing. Around INR200 crores we have already spent and for project main tenders will be in place within next three months and the work will start post monsoon.

Megh Shah: Okay, so park will be ready first and then the project will start. So, the equipment, the solar equipment will be installed later on. First the park will be ready.

Management: Parallel activities will go on, certain activities, roads, pooling sub stations, and others and the project activity will also go parallelly because there is no direct correlation with the park activity and project. So, there are certain activities which has to be done before project takes place that has already been taken care of.

Megh Shah: Okay, and sir, can we expect the INR5 crores to INR5.5 crores per MW cost?

Management: It is slightly more than this because the terrain is very difficult terrain. Civil cost is very high. I am passing to our CGM, RE project, he can explain this, why the cost is slightly high.

Management: Good afternoon, sir. This terrain is, having land which is under liquification. So, we have to go more in depth for the foundation. So, civil cost is slightly higher due to above reason and earthquake zone. Our design is to be slightly robust. So, compared to the conventional RE, Khavda tariff will be slightly higher. So, cost will be, if normal solar 5.5, what you are just telling, it is correct, but this will be around 5.8 or so. But due to the size, we are hoping that our cost will be competitive also, sir.

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Megh Shah: So, the first phase, just Bhatt sir said, 600 MW will be under the first phase. So, total cost may be around INR3,600 crores maximum. And out of that INR3,600 crores, is the GIPCL going to receive any subsidy or for any user development charge from the government?

Management: Basically, GIPCL is having two role. One is the park developer, wherein we are going to get MNRE subsidy. For project, there is nothing like subsidy. Project has to be built out of own i.e, debt and equity. And tariff is competitive tariff, which is a good tariff for us to get a better IRR.

Megh Shah: And for any other developer, there is any bidding has done? Because you quoted the INR2.73 paisa will be the price tariff. So, any other NTPC or other developer has quoted anything?

Management: See, basically, GSEC park, one tender has already been over, where in INR2.73 paisa of L1 NR2.89 paisa tariff of L2 has already been discovered. And NTPC is getting through Central Government assistance an is INR2.48 paisa.

Megh Shah: So, INR2.73 paisa will cover our interest cost, debt portion.

Management: Yes.

Megh Shah: And so, what will be the IRR of this project? On equity, what could be the IRR we are expecting?

Management: It would be post-tax IRR around roughly 12%.

Megh Shah: 12%. Okay. And sir, Gujarat Government dividend policy is applicable to GIPCL? If yes, then why the dividend is less as compared to our expectation?

Management: See, the dividend policy is a guideline by the GoG. And this time, we have given better dividend than the past two years. Looking to the request, Rs. 3.75 / share, last year it was only 3. We have paid more this time.

Megh Shah: Yes. It is higher than the previous year. But Gujarat Government has suggested minimum 30% of the PAT or 5% of the net worth. So, our net worth is higher. So, we were expecting some higher dividend from the company. Is it because we require large capex on hand, that's why we are conserving the dividend or we are not falling under the Gujarat Government policy?

Management: See, it is basically as I explained to you, this is a guideline. At least some profit has to be shared to the equity partner. So, the policy was published by the GoG, which is basically a guideline in nature. And looking to the government support which we are getting, being a GoG entity, we have also fallen in line with the GoG requirement and the guideline. 30% of the PAT, we have declared the dividend. 5% of the net worth, it is not possible. As none of the GoG control and GoG companies have declared that. Everybody has done the 30% only. So, everybody has fallen in line with the guideline of the GoG.

Megh Shah: Okay, okay, sir. That's all from my side. Thank you very much, sir. And all the best, sir.

Management: Thank you.

Chirag Singhal: Yes, thanks for the opportunity. So, first I wanted to confirm the numbers that you gave just now. So, the EBITDA for the RE, you mentioned INR131 crores or INR231 crores?

Management: INR231 crores.

Chirag Singhal: Okay. So, I wanted to ask you a couple of questions on the expansion side. So, you mentioned that the first 600 megawatts will be commissioned by November 25. And if I look at the tariff, this should be generating roughly INR400 crores approximately after it reaches the optimum PLF.

Management: Pardon, what you are saying?

Chirag Singhal: I'm saying that once the 600 megawatts of solar plant get commissioned, is it reasonable to assume that it will generate INR400 crores of revenue after it reaches the optimum PLF?

Management: Yes, roughly. Just a minute. Yes, it is more than INR400 crores.

Chirag Singhal: More than INR400 crores. How much that would be?

Management: Pardon?

Chirag Singhal: How much that would be, the total revenue?

Management: INR430 crores.

Chirag Singhal: INR430 crores. Okay. So, what is the capex for this year as well as next year, since we have this INR600 crores of capex in pipeline as well as we are developing the RE park. So, what kind of capex should we be expecting this year as well as the next year?

Management: This year capex would be slightly on a lower side because post-monsoon we are looking to award the tenders and work will start post-monsoon. And thereafter, even if we have to pay for the initial payments and other payments which are as per the tender, it would be 10% to 20% of the cost. Rest of the cost will go in the next financial year when the PV module and BOS are likely to start receiving at the site and commissioning.

Chirag Singhal: So, what will be the total capex? Because we will be incurring some capex even in the park development. So, total capex for this fiscal and the next fiscal, what will it be?

Management: Roughly you take INR6 crores per megawatt. This is the thumb rule which we are assuming right now.

Chirag Singhal: Okay. So, what you are saying is that INR3,200 crores to INR3,300 crores of capex will be incurred in FY25 and INR300 crores to INR400 crores of capex will be incurred in this year?

Management: No. There are two types of capex. One is the park developer capex and the project developer capex. These I am talking about the project INR3,600 crores total project cost for 600 megawatts. Park cost would be INR1,000 crores to INR1,200 crores. Out of that, first phase cost would be around INR600 crores. That we are going to incur right now.

Chirag Singhal: Okay. And this INR600 crores will be incurred by FY25 in the next two years?

Management: Yes. By 2024.

Chirag Singhal: Okay. That is in the current fiscal you are saying, the INR600 crores total out of which we have already spent INR200 crores.

Management: Correct.

Chirag Singhal: Okay. And will this entirely be solar? The total capacity that we will set up for our own -- the capacity that we will be running on our own, roughly 1,200 megawatts is what you have mentioned. So, will this be entirely solar? If not, then what is the split between wind and solar?

Management: See, it is solar only.

Chirag Singhal: Okay. It is purely solar. Understood. Sir, despite the fact that the gas plant, the gas prices have actually cooled down, the gas plant one has not yet resumed operations. So, when are you expecting the gas plant one to restart?

Management: We are also closely monitoring the gas prices and we have maintained the stations in preservative mode. As soon as the gas prices come into and as per merit order requirement of our promoters, we will start the gas plant.

Chirag Singhal: Any timeline to that?

Management: That timeline depends on the gas prices in coming days.

Chirag Singhal: Okay. All right. Sir, would it be possible for you to also share the PAF percentage on your website wherein you are giving the quarterly plant performance? Could you also…

Management: That we will update within a day or two. I think we have not -- I will put that also. Not an issue.

Chirag Singhal: Sure. All right, sir. Thank you.

Management: Thank you.

Vipul Shah: Hi, sir. So, in last call you had mentioned that once gas prices drop to \$8, \$8.5, then it becomes viable to start our gas plants. So, I think the gas prices have already reached those thresholds. So, why we are not able to still start our gas plants?

Management: Sir, this is the price which you are talking is the naked price. If you add on that transmission, GST, everything, it goes to \$12.

Vipul Shah: Okay. So, prices have to fall further. Then only it becomes viable.

Management: Yes. We are very keen to run the station, but price is the main issue. We are also very keen.

Vipul Shah: And, sir, what will be the revenue model of khavda project? Because we are incurring INR1,100 crores of capex. So, how we will be reimbursed?

Means, what will be the revenue model of the project? Can you explain it briefly, sir?

Management: See, the Khavda, there are two types of revenue models. One is the park development, developer's model, wherein we are going to spend around INR600 crores in the first phase and INR600 crores in the second phase. Wherein 30% cost is being subsidized by MNRE. 40% cost will be the upfront development charge, will be recovered from the project developers. 30% has to be pumped in by GIPCL. Okay. This is the model for the park. Project, we have to put in INR3,600 crores, project cost. And their venue generated from the power is at INR2.73 paisa. It will be sold to GUVNL, wherein we are going to get the profitability from the station. Based on our internal calculation, IRR equity would be around 12%.

Vipul Shah: So, don't you think, 12% IRR is very low and it is a little risky?

Management: No, not at all. Because we have been running past two, three projects we have already did. Wherein 12% is a conservative approach. Because the CUF and other factor which we have taken right now on a conservative side RFCUF go 1% or 2% higher than, IRR would be higher. So, right now we are going very conservative.

Vipul Shah: And sir, regarding this park development model, you said 30% will be subsidy, 40% will be from other park operators, right? And 30% GIPCL.

Management: Correct.

Vipul Shah: Okay. And sir, one suggestion, if you see the earning presentation of other PSU companies like NTPC or NHPC, SJVN, they give all qualitative and quantitative details in their presentation. So, why we cannot do it? Like PLF, energy generated in million units.

Management: We will look into it, what they are giving and we will try to see that you get all the details, what are they giving and how best we can give it to you.

Vipul Shah: Yes, please sir, have a look at this company's presentations and try to incorporate as many details as possible in your presentations, sir.

Management: Yes.

Vipul Shah: So, what will be our big debt when we will be executing this INR3,600 crores, 600-megawatt solar project? So, naturally, even if we assume 30% equity, then also it will be, debt will be very high, you know, considering our balance sheet size.

Management: That is correct, but somehow you have to take the opportunity and then you have to go ahead. Otherwise, if you miss the bus, then you will have next future development will be at stake. So, you have to take risk for your company and requirement of the current scenario. And we have…

Vipul Shah: What is your internal assessment? What will be your big debt? I think it will come in '25-'26, your big debt, right?

Management: No, '25-'26 when debt will come, this project will start generating revenue. So, I don't have the issue of payment of interest because that project will generate the revenue and I have to pay out of that.

Vipul Shah: So, when this 600 megawatt project will start generating electricity?

Management: November 2024.

Vipul Shah: November 2024. And we have spent any significant amount till date on that particular project?

Management: Not yet, but we have spent around INR50 crores to INR60 crores, but most of the expenditure will start after the monsoon.

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Vipul Shah: Okay, sir. Thank you and all the best.

Management: Thank you.

Chirag Singhal: Yes. Thanks for the follow-up. Sir, apart from the 600 megawatts that will be commissioned next year, there will be another 600 megawatts out of the total 1,200 megawatts that you propose to run on your own. So, any timeline that you can provide for another 600 megawatts?

Management: See, basically, we have been allotted 2,375 megawatts park developer's opportunity. Out of that, first phase 1,200 megawatts, we have to start by December 2024, on which 600 megawatts GIPCL is going to put capacity in own park on their own. Balance 600, we have already given our details to GUVNL for tendering process. They are going to publish tender. So, it will be sold out to whosoever bid in the tender. And like that, our 1,200 megawatts first phase will be over.

Second phase 1,175 megawatts, we will see post next year, how the opportunities and how we are going to fund it. And according to the requirement, we will take the decision of 600 megawatts or 700 megawatts, how much capacity has to be taken by GIPCL in the next phase.

Chirag Singhal: Understood. Sir, what is the cost of that, for this project?

Management: We have not yet taken any debt. It is in principle approval, we have received inprinciple approval from two, three big landers. It is around 8%.

Chirag Singhal: 8%?

Management: Yes.

Chirag Singhal: Okay. All right, sir. Thank you.

Management: Thank you.

Kushal Jain: Hello. Yes, thank you for the opportunity. Like the question is, we are going to make investment of close to like INR1,200 crores in the park development. And for the project, we will be needing INR3,600 crores. So like if, we assume 30% of park development, that is INR400 crores and project cost INR3,600 crores, so INR4,000 crores. So by coming two years, we will be needing INR4,000 crores. How will we be funding this amount basically?

Management: Let me explain to you. Park INR1,200 crores, out of that, first phase, we have to incur INR600 crores right now. In INR600 crores, if you take GIPCL's share of requirement 30%, that would be INR180 crores. And rest around INR3,600 crores for the project. So if you add INR3,600 crores plus INR180 crores, it is INR3,780 crores of capital outlay. INR3,600 crores, we are going to fund it by 25% or 30% equity. 70%, 30% or 75%, 25%, debt equity.

So, roughly requirement of the equity would be INR2,000 crores. We have available cash generation of around INR400 crores to INR500 crores every year. And we have already available cash of INR700 crores to INR600 crores in hand. So next two years, it would be very possible that, we can generate INR1,500 crores. Rest INR500 crores equity, we will look into some methodology, how we can raise it from the market or from promoters.

Kushal Jain: Okay. So it can be like for the, if we require cash, we can come up with any right issue or any preferential issue?

Management: Maybe, maybe right issue, QIP, preferential, or to our promoters. My promoters are also cash rich. If they put in money, I don't mind going to them also.

Kushal Jain: Yes, definitely. And one more thing sir, you said that, for this Surat power plant, we are signing CP every year?

Management: No, nothing like every year, I have not said like that. Every year, we dont have to sign documents. It has been signed for a period of 30 years. So every year, we have to work out the requirement of fixed cost recovery and certain other parameters, fuel cost recovery, O&M cost, annual adjustment, we have to do as per the PPA term. So annual adjustment are based on certain parameters, which has been defined in the PPA. So that adjustment on the yearly basis, is being carried out.

Kushal Jain: Okay. Thank you. And one more thing, like in the last con call also, I have asked like, if we can get the better presentation of renewable part and the thermal separately. But it has not been given in the results or anywhere in the annual report also?

Management: That we will do.

Kushal Jain: Yes. Thank you very much.

Management: Noted.

Nikhil Abhyankar: Sir, I just have a couple of questions. So, we earlier talked about expanding our lignite generation capacity. So do we have any update on that?

Management: See the lignite base, we are not expanding. Basically, we have to spend on a R&M project, which is as per the standard practice. Which will enhance the life of the existing PPA base station, SLPP-1 for next 10 years. And we have to incur certain capex for the plant availability. That is technically, we have to do some expenditure on the machinery part to make it available for next 10 years. So for that basically, we have to incur certain capex, as well as we have to acquire certain portion of land for mining purpose, to cater the requirement of fuel for next 10 years.

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So that has already been in principally approved by GUVNL with whom, we have signed the PPA. So this project will take care of the project plan for next 10 years.

Nikhil Abhyankar: Okay. So we are not at current stage looking at adding any thermal power plants, right?

Management: No.

Nikhil Abhyankar: Okay. So and just a final question. What was our lignite production in FY23 and what is the target for '24?

Management: See basically, I can tell you very categorically. The lignite target is being fixed as per the requirement of the power station. So we are reducing, increasing our target, as per the requirement of the lignite requirement for the station for the year. Generally, we have certain amount of stock in buffer, so that plant should not suffer. But technically, we have always available lignite to cater the requirement of the station. But for your understanding, 30 lakh metric tons of lignite was produced for the plant, last year.

Nikhil Abhyankar: Okay. So I got the answer. Thank you.

Management: Thank you.

Megh Shah: Thank you for the one more time and opportunity. Sir my question is for the reconfirmation of the debt and equity version. See our total cost for the Khavda project first phase, INR600 crores for the park development and around INR3,600 crores for the solar project cost. So total cost is INR3,780 crores the GIPCL contribution. Sir out of that, INR3,780 crores, you are saying only the GIPCL equity contribution will be INR2,000 crores and balance will be raised as a debt. Is it correct or I am understanding something else?

Management: No, INR3,780 crores, out of that if you take 30% equity, it is INR1,134 crores and debt portion would be INR2,646 crores.

Megh Shah: Okay. So debt will be 70% and equity will be 30% and on that equity portion, we are expecting the post-tax equity return is 12%. IRR 12%?

Management: Correct. Equity IRR.

Megh Shah: Equity IRR. Sir and there is a I had asked the one question regarding the EBITDA from the non-renewable and renewable and you said that, INR269 crores is the EBITDA from the non-renewable and INR231 crores from the renewable. The sum of this EBITDA comes to INR500 crores. Sir our PBT is only INR253 crores. I add the depreciation and finance cost. Then there is some shortfall because INR253 crores plus INR165 crores is the depreciation and finance cost is around INR38 crores.

So that INR253 crores plus INR165 crores plus INR38 crores, that's come for INR456 crores, the gap is around INR44 crores even after I am including the other income in the total in the PBT. I consider the PBT plus depreciation plus finance cost. So INR456 crores. So there is a some mismatch, INR231 crores is the EBITDA from renewable and INR269 crores from the non-renewable? As you said...

Management: I have given you a rough idea.

Megh Shah: Okay sir. Fine.

Management: As you said, it may be here and there, INR164 crores is my depreciation, my interest is around INR37.54 crores. As you said, it is INR454 crores orINR455 crores what you are saying is correct.

Megh Shah: Yes. So can I assume that, out of the INR455 crores, INR231 crores is from the renewable and the balance from the non-renewable?

Management: Yes. You can take that.

Megh Shah: Okay sir. Thank you sir. Thank you.

Management: Thank you.

Karan Gupta: Yes. Thank for the opportunity, sir. Few questions, so at current gas prices, what would be the converted electricity cost if you were to actually produce electricity?

Management: Yes sir, even at this current gas price, what would be the per unit cost.

Management: Sir, current gas price is very volatile like every day, you will find different rate like today, it is trading around $9 per mmbtu.

Management: You take $9 plus taxes and everything $12 to $13,per unit tariff would be around more than INR10.

Karan Gupta: Okay.

Management: So we are also closely monitoring, once it goes down below INR8, for us also it is very much essential and easy to sell it to my promoter.

Karan Gupta: And sir, in case the promoter is not interested in buying this generation from the gas plant, do you have an ability to sell it on the exchanges also assuming the price is around your is better than your cost of generation?

Management: Sir, they are generally calculating based on what they are paying for their requirement to the discoms. So if my tariff from gas station is lesser than the discom rate, which is generally more than INR8, so they will be interested as it is, commerciality workable for them.

Karan Gupta: And sir next questions on the solar park that you are developing you mentioned that the tender for the remaining 600 megawatts from phase 1 will be released soon. So do you have any kind of firm deadline on

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that as to when the tendering process will be completed and the tender will be awarded?

Management: There are two big tenders major tender one is the balance of supply that is for structural part that tender is already available on the website having value of INR1,300 crores and for the PV module which is under consideration it will be published by I think next month. So both the tenders will be concluded by end of monsoon.

Karan Gupta: By end of monsoon so that is assuming end of August or July or August?

Management: You can say August but work will technically start at the location by September end because everything has to be settled down at site by this time.

Karan Gupta: And what is the typical time period that a developer would require to complete the 600-megawatt plant?

Management: 15 months.

Karan Gupta: So you had mentioned that there is a December 2024 deadline to complete the 1,200 megawatts so will you, are you confident that you will be able to complete this 1,200 megawatts by then?

Management: We have the past experience we can get it done by or before December.

Karan Gupta: That is for your 600 megawatts which I am sure you will be able to complete given your experience but how about the other 600 megawatts that is out for tender that would depend on the incoming developers for that...

Management: Yes, you are absolutely correct. For that GUVNL has to give them the specific relaxation in timeline as may be required.

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Karan Gupta: So this December 2024 deadline is that applicable to you? I mean what happens in case you know the 1,200 megawatts is not completed by December 2024?

Management: For GIPCL park is available so we are not going to be penalized for park development. My job is to make available park as per the government guidelines. Project as you said those who are going to get it in the GUVNL tender capacity addition in our park they have to commission the station and made available by that time. If there is a slight requirement of plus minus here and there they have to request to GUVNL for some kind of relaxation.

Karan Gupta: Understood sir, thank you. And then for the remaining capacity of 1,175 megawatts in the park for the second Phase is there any deadline for that?

Management: That is 2026.

Karan Gupta: December 2026 or earlier?

Management: Yes.

Karan Gupta: Sorry, just confirming so the deadline is December 2026?

Management: Second Phase it is December 2026.

Anand Shah: For a ROE, the question was that the return on equity of the business on a INR3,000 crores network is fairly low for whatever reasons. And you always maintain that the IRR will be more than 12%. In that case, when do you expect the return on equity of the company actually to go back towards double-digit?

Management: Basically, earlier project if I add everything, so your present IRR in totality if you see it would be slightly lower than what I am telling about the project. But looking at the current expansion project which we have taken and, we are fairly getting a better level of IRR as I explained 12%, or more than 12%. But the earlier project during the regulated regime, PPA what we have concluded, and as per PPAs where we have lower IRR than 12%.

Anand Shah: In terms of operating cash flow, you are at INR400 crores of operating cash flow per year for last few years. But how do you see this because we have also invested a lot for renewable. So we have segmented for us that...

Management: We have this tariff which is a levelized tariff for 25 years. For any RE project, initial cost depreciation interest cost would be slightly higher side as compared to what revenue is being generated. Once this depreciation interest goes down in next 4-5 years, then the available profit after tax will start showing in the books. That is, I am talking about in a higher positive cash flow.

Anand Shah: So, ROI will be lower in the early stage or it will go up towards the end?

Management: ROI is 12% levelized I am talking about. Totally.

Anand Shah: But in the early years it will be lower and then it will go up towards the late stage?

Management: Because if you have to be in competition, you have to compete with big players in a very efficient manner, then only you are going to get the project for sustaining in a long run.

Kushal Jain: My question is like right now our renewable capacity is close to INR375 crores. INR262 solar and INR112 to wind power. We said that we have got EBITDA of around INR231 crores. Internally, you must be having the margin and all. What kind of investment we have made till now in

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renewable and what is the EBITDA we are getting? Basically, what is the return we are getting till now in renewable?

Management: Renewable we are getting return of around 12% plus IRR in all the projects. And profit is as I explained it is around PBT of INR85 crores currently from the renewable sector.

Kushal Jain: Okay. So, alright. Because like actually as far as investment I have seen like we have made investment of more than INR2,500 crores in renewable. But if I see the investment schedule of your last 5 years investment?

Management: You have to wait for 2-3 years once the interest goes down, depreciation goes down and revenue generation will remain as it is. But all this expenditure will go down, then the profitability portion will go up in next couple of years.

Kushal Jain: Sir, but like EBITDA is not having any depreciation part. It is INR231 crores. Like if we have made investment of INR2,500 crores and we are getting 231 then it is less than 10% return on capital?

Management: There are certain factors which are beyond our control that is the wind velocity. Then there was some issue at the Charanka Park also. So, all these factors have played last year to bring down the revenue of around INR30 crores, INR25 crores to INR30 crores. It was down because of certain factors which were beyond our control.

Kushal Jain: Okay. Sir, one more thing like we are right now looking at the debtor close to INR3,000 crores by FY25 because of the investment. So, like in case we are not able to make the targeted return then our profitability might be affected a lot because of huge debt. So, what are we doing for the protection of our profitability?

Management: See, why we are going to hit, I don't understand. Because we have the back to back agreement with the suppliers to put on the capacity and we have our expert team. Last three projects we did well before the time. So, there is no any such kind of eventuality may happen. But we have one- or two-months margin in our hand and rest assure, we will be able to do the project well in timeline.

Management: Yes, sir. So, we would like to thank everyone for joining this call and thank the management of GIPCL for giving us the opportunity to host this call once again and patiently answering the questions of all the attendants. Thank you very much.

Management: Thank you, Mohit ji.