



ORIENT GREEN POWER COMPANY LIMITED

12th August 2019

**The BSE Limited
Corporate Relations Department,
P.J. Towers,
Dalal Street,
Mumbai-400 001.
Scrip Code: 533263**

**The National Stock Exchange
of India Limited
Department of Corporate Services,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Mumbai-400 051.
Scrip Code: GREENPOWER**

Dear Sirs,

Sub: Transcript of Earnings Conference Call for Q1 FY 2020 results

This is further to our intimation dated 30th July 2019 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Q1 FY 2020 Financial performance of the Company.

The transcript of the conference call held on Tuesday, August 06, 2019 is enclosed for your reference and records.

Thanking you.

Yours faithfully,

For Orient Green Power Company Limited

**P Srinivasan
Company Secretary & Compliance Officer**



Encl: as above



Orient Green Power Company Limited

Q1 FY 2020 Earnings Conference Call Transcript

August 06, 2019

Moderator: Good day, ladies and gentlemen and very warm welcome to the Orient Green Power Company Limited's Q1 FY 2020 Earnings Conference Call. Please note that this conference is being recorded.

I now hand the conference over to Suraj from CDR India. Thank you and over to you, sir.

Suraj Digawalekar: Thank you. Good afternoon, everyone. I welcome all of you to Orient Green Power Company Limited's Earnings Call to discuss the performance for the quarter ended June 30th, 2019.

We have with us today Mr. S. Venkatachalam -- CEO and Managing Director; and Mr. K. V. Kasturi -- Chief Financial Officer.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to our financial performance were e-mailed to all of you earlier and have been also posted on our corporate website.

I would now like to hand over the floor to Mr. Venkatachalam. Thank you and over to you, sir.

S. Venkatachalam: Thank you, Suraj and a very good afternoon all of you, and thanks for joining the investor call.

I trust that all of you, would had look at the results and gone through the Investor Presentation that was circulated earlier.

Let me begin the discussion by briefly highlighting the key operational developments both from the industry and the company's perspective, post which, our CFO – Kasturi will take you through the financial performance.

Overall, I am glad to announce that we have had a profitable quarter, despite a late start to the wind season. The late start to the wind season set us back in the overall turnover terms. However due to buoyancy in the REC market and interest waiver on promoter loans. We have been able to achieve a PBT of Rs. 468 lakhs, as against a loss of Rs. 63 lakhs in the Q1 of last year.



Now coming to the overall scenario in the country, the total RE installations as on June 30th was around 80.5 Gw with wind at 36.4Gw and solar was fast catching up at 29.4 Gw.

However, the pace of our installations remained very subdued, though marginally higher than last year at 2151 Mw, as against 1541 Mw of the previous year. Though it is better, it is still very much subdued. Wind was definitely better at 748 Mw, as against 148 Mw of the previous year. But still far, far below the rates required to achieve the Government's ambitious targets of 175 Gw overall for renewables.

Uncertainties in land allocation, grid connectivity and bank funding are really the challenge that bidder who have quoted in the last few tenders have faced. In fact, two such instances are that Gujarat, where the state Government had delayed land allocations and requested bidders to relocate to a particular designated area.

The other instances that bidders were participated in the TN tender are still unable to achieve financial closure despite a relatively attractive price of Rs. 3.42, this is mainly because the TN utility now pays after about 23 months. Most of the bid tenders are far from completion and as a result, many of the new tenders are not generating their desired interest and being fairly under bid in terms of the overall number of bids received.

Further to this, you must have all read the developments in Andhra Pradesh wherein we have 50 Mw of installations under Beta Wind Farm. There have been attempts by the newly elected Government to renegotiate PPA's or the tenders of the past.

In fact, in this regard, the Power Minister has written to the Chief Minister saying that this would set a very long precedence and they should refrain from such renegotiation. In fact, he has said that actually you can renegotiate where you suspect corruption in those particular contracts.

But coming back to our PPA, our PPA was executed well before this, on 29th May, 2013, based on an APERC tariff order dated November 2012. Wind energy companies have filed writ petition in the AP High Court challenging the State Government's decision to review Power Purchase Agreements that they have already signed. The High Court has issued a stay on the same. Following this, the immediate reaction of the AP Government was that they resorted to grid back down in both wind and solar. However, MNRE's immediately returned to them saying that they must ensure must on status for renewables and they will have to pay a deemed generation to the affected parties.

But the net result of all this is that, it goes to delay the discoms payment which is already standing at about 10 months and our overall dues with the AP DISCOMS is about Rs. 40 crore and with July, the wind season itself it would have actually gone up further.

But coming to the good side, the buoyancy in the REC market has really helped improve the revenue and cash flow position of the business. Over the last few years, the couple of years, in fact, stringent actions on part of the regulators have helped improve the demand supply equation. Defaulting entities are now being penalized for failing to meet their RP obligations, which has helped improve the demand for the certificates.

Trading this year has been settled at an average of something like Rs.1,437 as against the price of Rs.1,030 in the last year's Q1. And this has given us a benefit of an extra revenue of about Rs. 384 lakhs.

In fact, just to add to this, the latest trading session in July saw prices of Rs. 1,650 and Rs. 1,705 in the two exchanges that is the IEX and the PXIL. In fact, we have taken numerous initiatives in the past in terms of hiving of the biomass business being in the forefront to ensure that 95% grid availability in Tamil Nadu. The 5/25 scheme for the Beta banks and renegotiation of interest for some of the loans.

At this juncture, we are in discussion with various banks for refinancing our Beta loan portfolio, which stands at over Rs. 900 crore. We were quite close to completion, but the payment delays and AP are delaying the process and once we come to a regular situation, the banks will be enthused to refinance our entire Rs. 900 crore portfolio with a lower interest because it will give us a good rating and conclude the refinancing process. We are strongly working towards that.

Therefore, to sum-up, the industry scenario while there are few niggling issues which pose near-term challenges on a sustained basis, the various mechanisms supporting the renewable industry are gradually improving and being strengthened. And we should see the sector becoming preeminent in helping meet the country's growing need for power and also deliver on stated goals towards helping its energy mix.

To conclude, I would like to reiterate that we believe that we are well placed to deliver steady returns on a long-term basis. Having addressed most of the hurdles, which we believe can we can deliver consistent return and create value for our shareholders.

And now, I hand over to Kasturi to go through the financials.

K. V. Kasturi

Yes. Thank you, Mr. Venkatachalam. Good afternoon, everyone, and thank you for taking the time to join our earnings call.

I will briefly run you through our financial performance for the period under review post which, we can start the Q&A session.

Start starting with the top line. The he total income for the quarter remains steady at Rs. 94 crore. This is after moderation in wind intensity. Had it not been for that we would have generated even higher revenues.

EBITDA for the quarter stood at Rs. 72 crore as against Rs. 76 crore reported in Q1 FY 2019. Higher profitability of the last year has largely went to higher interest and operating margins for the quarter stood at 77% as against 81% reported in last year.

Depreciation for the quarter remain more or less steady at Rs. 28 crore as against Rs. 29 crore reported last year. Moving on to interest expenses, the outgo for the quarter stood at Rs. 39 crore, as against Rs. 49 crore reported during Q1 FY 2019, lower by 20%.

As mentioned by Mr. Venkatachalam earlier, we are discussing with bankers are seeking for favorable debt terms, lower interest rate, and extension of tenure on existing loans. Our efforts are directed towards lowering the average cost of debt,

which presently stands at 13%. The discussions are shaping well, and we are all full of achieving our goal in this regard.

We have demonstrated our commitment towards improving our balance sheet and have successfully reduced your debt consistently over the past five years. Further, our efforts towards recovering the dues from our old debtor on time should help us improving and easing liquidity level.

To conclude, I would just like to say that our efforts towards transforming the business are progressing well. Further, with improving macros and Government consistent efforts towards increasing the share of renewable energy and overall energy mix, we believe we are in a much better position to deliver steady performance and create a value for our shareholders.

That is all from me. We can now take your questions.

Moderator: The first question is from the line of Denny John, an Individual Investor. .

Denny John: Thank you, I have few questions sir. Firstly, what is the current stage of our discussion with the Bankers? We have been in discussion with them since a while now but we haven't seen any material impact of that – so anytime line you can share with us as to when do you expect things to materialize? Secondly, we continue to show loss from discontinuing operations in our P&L – till when would be keep accounting for that? How much more do we have to write off? And lastly, a word on REC's – what's the current trend in terms of pricing?

S. Venkatachalam: As far as the banks are concerned the renegotiation, we were actually close to finalizing with certain Government banks. However, their only issue has been that we are actually delaying the payments with the Beta Banks which is a consortium of 10 banks and few in the sub debt category also. So, we are at the SMA 1, SMA 2, kind of category will be Beta Banks and that is mainly because the Andhra receivables about Rs. 40 crore and still building up because it is about 10 months delay. And we actually are overdue with the banks by about Rs. 25 crore to Rs. 27 crore. So, even if we get part of the payment, we would be regular with the banks. And once we have a regular rating, we actually improve our rating and also enthruses a lot of banks, they said, they promise the moment you are regular, we will immediately sanction the takeover of the Rs. 900 crore portfolio in Beta. But however this Andhra situation in the last couple of months has actually gone worse and we are trying with various other banks to give us a kind of a bridge loan, which also without a security is getting to be a little bit of a challenge. In fact, the existing banks also they think it is not on their part to kind of refinance at least the bridge loan part of it. So, probably once the Andhra situation improves, yes, I do appreciate that it is taking a little bit of time. But once, the Andhra situation improves, we will definitely be able to immediately get this because we have already talked to many of the Government banks which are willing to take this at least power sector banks. Second is the discontinued operation. Okay, the biomass assets, in fact, few of them are up for sale and probably another six months, it should take for us to completely wind-up and then because all the assets are being transferred to Janati Bio Power, which is under the Shriram Venture Limited, I would estimate another six months, because we have got buyers, some of them, it was difficult getting buyers for biomass businesses, but at whatever rate we are willing to, at least we close the bank loans and then, we would like to move ahead and focus on the wind business alone. Now, the REC trading, as I said, the average for the year, for the first quarter was Rs.1,437 as against Rs.1,030 in the previous quarter last year. And the July trading session was at Rs.1,615 IEX and

Rs.1,705 in PXIL. So, it is actually picking-up. It has been good as far as the REC trading is concerned, it is not going down, it is really picking-up and we see that this trend is a very positive trend and it should maintain at these levels in times to come at least for the next couple of quarters.

Moderator: The next question is from the line of Manoj Bagadia from Equicorp.

Manoj Bagadia: There are few questions actually. One is the receivables for biomass, you said, it will take us six months to complete. So, basically, it is taking a long time to complete the sale process, even to the Group company. And this is not a big amount actually can't they settle the amount and everything much earlier than because I mean, it will help us a lot in terms of making our accounts regular with the bank and then refinancing. So, actually, we are suffering because of that. That is question number one. Second question is the advances that we have given for the balance expansion project in AP. I mean, that is also stuck with the Group company for a long time. And we do not know why I mean; we have to suffer for that? And third thing is it is there any progress on the strategic thing because it seems that the Group is not able to manage it, even by doing a lot of strategic initiatives I mean, we are saying restructuring and initiative for the past four years. But somehow, the results are not coming as expected or as fast as expected in which time, we have lost a lot of value actually. So, just wanted your thought process on this?

K. V. Kasturi: So, with regard to these receivables and the advances which we have paid for the project. So, we will be taking decision between Q2 and Q3. And definitely, we will work out, which will not impact the company significantly. So, we are working with the Group and definitely the solution will be determined during this period. As far as strategic things are concerned, Mr. Venkatachalam will brief you on this.

S. Venkatachalam: We are waiting for the situation in AP to ease out. And then we will definitely take a call because we have got a number of things ready for that. So, we are waiting for that situation to ease out and I am sure, better sense will prevail as far as AP is concerned and things will get eased out. Now strategic, you are aware that two years back, we had look at the IL&FS and then, we had looked at two - three other strategic tie-ups kind of a thing. I mean we are open to every kind of situation, complete buyout to kind of reverse merger and so on so forth. We have talked to a number of companies, in fact, there was a lot of interest but then the last couple of quarters with things as far as the renewable industry itself, looking a little dim in terms of rates that were quoted at Rs. 2.43, etc. and many other projects not coming up, many of the bids not being fully satisfied, and even the bids not being bid for in totality. There were some kind of a I mean, set back in terms of the interest. But still, there are some three - four groups that we are talking to. And we hope to conclude this at the earliest.

Manoj Bagadia: But sir, after IL&FS, that we had totally other talks with some other people, where was it stuck? Was it stuck on valuation or was it stuck on some operational dynamic?

S. Venkatachalam: In fact, you see, basically they themselves the two - three other people whom we talked to, they themselves being in the power sector, they themselves had various issues, in terms of the debt and so on so forth. They were also stuck because see, the renewable industry itself, everybody started getting a different picture of the renewable industry once these tariffs went too low. And they found that many of them could not even complete the projects with those kind of tariffs or achieve financial closure. So, I think, it is a period of and there was selection also at this

point in time. With the new Government, I mean, the same Government back in place. At least there are the MNRE also had a number of sessions with the investors saying what should we do to improve the situation back to the earlier levels, they are also quite concerned, and I am sure something, some initiatives will come up, at least to revive interest in the renewable energy sector.

Manoj Bagadia: But sir, the issue is, we have been looking at strategic thing for more than two years now. And a lot of people from outside or the outside money has come into the sector also and into the other infra project also. So, somehow, we have not been able to attract, I mean, I do not know what the issue is issue is, issue is it in the company? Is it in the valuation? Is it in the business model ? But somewhere something is wrong, and we fail to understand where the issue is actually. I mean, which is hurting probably that is why the deal is not taking place.

S. Venkatachalam: Yes, see, basically, two - three issues were there. In fact, which one by one we got rid of. Initially, they were talking about grid back down in Tamil Nadu and we were talking about two years - three years back. Secondly, they said the biomass is also affecting the business which also has been hived off and that is under completion. So, now was that we have a cleaner looking balance sheet and overall book and focus on the wind industry, it is just a matter of time because we are actually talking to three or four of them at this present moment, we have shared the data, and we have got their data as well. So, there are a lot of things which are happening. And I am sure you will be at least in the next three months to six months, you should see some announcements in these regards.

Manoj Bagadia: And hopefully, to get a better valuation, we need to, I mean about the AP thing, that we are looking at it, we are looking at change in policy. But you look at the time frames, since when we are waiting. I mean, I do not think so we can wait forever. I mean, we do not have the balance sheet to wait for too long. If it is a small percentage of the balance sheet then it is okay, I mean, you might want to wait. But it has been taking a long time and our situation is going from bad to worse right now and with whatever is happening. So, I do not know why are we waiting or what is stopping us I mean, we really need to resolve that issue and get the money.

S. Venkatachalam: You are not getting me. It is also the interest that various parties are showing has actually dwindled over the last five months to six months with the Government not really supporting renewables in the way that it should. People are actually taking a backseat there have been no new deals, as far as renewables is concerned, people are observing that renewables are not being installed to the full, the tariffs are too low. So, people are actually taking a backseat, we are not really worried about bank issue

Manoj Bagadia: I understand that sir, i mean, our situation what we have under our control with service the advances we have given to the group company for the windmill.

S. Venkatachalam: I appreciate your points. But then, the situation is everybody is on a wait and watch mode and the Andhra situation is actually set back the number of investors in this regard.

Manoj Bagadia: Sir, how much is the amount that we have given advance and when was that advance given?

K. V. Kasturi: 2016 Rs. 110 crore.

Manoj Bagadia: Rs. 110 crore?



- K. V. Kasturi:** Yes.
- Manoj Bagadia:** All right. So, in case, if we cancel this with the supplier, is there a significant penalty that we need to pay? I mean, suppose theoretical, you say that I do not want it, I am canceling it because there is no certainty. So, how much money can you get back? Is it full or is there any penalty?
- S. Venkatachalam:** That we will have to evaluate but there are interested buyers for that particular project also, that also we are looking at.
- K. V. Kasturi:** We want to minimize the damage, so even if we want to do it, we want to minimize the loss towards, so that the things are protected well.
- Manoj Bagadia:** No, the agreement would be very clear with supplier that if we do not pick up this thing, is there penalty or there is no penalty, that must be very clear, right I mean so that would very clear there is no penalty. Basically, sir since 2016 to 2019, our money Rs. 110 crore is stuck, if there is no penalty, we should have canceled and got the money back, which would have been used to recognize the bank accounts, reduce the interest for the last three years, as well as we could have refinance the loans and received on interest. So, if you see, the total impact on our company is significant, whether it is a Group problem, it is a supplier problem other thing, but if you look at independently responsibility to this company then you need to take hard decision.
- S. Venkatachalam:** But the supplier has also bought certain critical components based on the advances given. So, you cannot just write it off.
- Manoj Bagadia:** We do not write it, we do not write it. But for three years, we suffer, even if out of Rs. 110 crore, if you have to forgo Rs. 10 crore but get Rs. 100 crore, use it to repay loans or regularize the accounts and reduce the interest costs
- S. Venkatachalam:** Ever since then the tariffs have fallen so much but that we will not be able to realize those kinds of tariffs again.
- Manoj Bagadia:** No, I am not saying that you put off the project. What I am saying is with the supplier, supplier instead close the advances...
- S. Venkatachalam:** We are exploring that also we are selling it to another party, who will also waiting for the Andhra situation ease out.
- Manoj Bagadia:** Because the latest thing is they are trying to reduce the rate, cancel the old PPA.
- S. Venkatachalam:** That will not happen because it is not valid in the court of law. And in our case, as I said they had quoted a circular dated 2015, regulation one of 2015 based on which they had issued letters to various investors. We had invested in 2012 and 2013. So, ours is before that. But of course, since they could not send separate letters, I mean, they could not identify clearly, they actually sent letters to all the investors even for a prior period. But even to the investors who have invested based on that circular, which is not us, they cannot really renegotiate the prices.
- Manoj Bagadia:** I understand. But if it goes into court of law and if it long time, then the sufferer will be the company and especially, the weak balance sheet, they will suffer more because courts take long time and I do not think....

- S. Venkatachalam:** I agree with you that is the whole issue that always these delays, the entire process it gets people to lose interest and also it helps AP delay payments further.
- Manoj Bagadia:** So, that is why the situation is getting worse for us. If you look at our balance sheet and if we cannot refinance the loans and the Rs. 500 crore, we are paying very high interest cost actually in this environment when the 10 year T-Bill is 6.43 and add on that the risk premium and other things. So, with the normal balance, you could finance it maybe say 8% - 9% - 9.5% also probably or maybe less than 10% probably.
- S. Venkatachalam:** We are expecting the situation to improve because there is a lot of the from the center a lot of these things up to the PM are involved in this particular exercise because the number of investors, who are invested far higher in fact 700 Mw - 800 Mw, etc from Renew Power, Mytrah and all these others investors who have invested big amounts, the stakes are much bigger for them and they are all highly concerned and I mean, they have moved the entire center for to get involved.
- Manoj Bagadia:** That is why margin question was in two parts. One was the external environment where you do not have control, you have to live with it, whatever is happening in AP and other places. But the internally what you could control over two things, receivable for biomass because you transferred at certain valuation and if it is taking a long time then we are losing value, in terms of the money we could have got, interest we could have said, and the refinancing we could have done. Another thing was the advances since 2016. These two are something where a lot of people hear I mean I spoke to few people and they said because of the group issues we have suffered actually.
- S. Venkatachalam:** See, we have got buyers for the biomass units who are getting their bank loans and working towards. We have got biomass buyers for almost all of biomass unit except one out of the remaining eight which we had.
- Manoj Bagadia:** Yes, but the money has to come in, right, the deal has to close and the money has to come in fast for us to use.
- S. Venkatachalam:** It is coming in, it is coming in, we assure that it is coming in.
- Manoj Bagadia:** No, I know it will come in, but if it comes in after two years or three years then the value of the money is much lower.
- S. Venkatachalam:** I think, we should not be negative about it.
- Manoj Bagadia:** No, I am not negative, I am very practical, since the time, we lead the deal for biomass and other thing, even to the group company and group could have done something and given us this kind of money because it is a small money for them.
- S. Venkatachalam:** No, I do not think, we should lean on the group, they already funded more than Rs. 700 crore.
- Manoj Bagadia:** No, I am not leaning on them. I am saying that if they have taken, see, otherwise, we could have sold in the market I mean. In market I know one thing that in India, there are vultures also, worst of the assets also get sold for a price. Everything has a price and for a price everything gets sold in the marketplace.
- S. Venkatachalam:** We have got good price and we are in the process of selling these assets.

- Manoj Bagadia:** And the other question is, what is the level of tax cover that we have till now, which is usable to a new by in case if somebody buys it and what is the level of tax cover they have right now?
- K. V. Kasturi:** Around Rs. 400 crore we are still having business loss.
- Manoj Bagadia:** Rs. 400 crore of the past losses, which can be a tax cover for the new buyer?
- K. V. Kasturi:** Yes.
- Manoj Bagadia:** It should have been high, no, sir? It should have been much higher than that?
- K. V. Kasturi:** I am just giving a ballpark number,
- Manoj Bagadia:** Okay. And last things are about FY 2020 the wind generation, the first quarter I think the wind generation is not up to the mark or expectation. So, overall, for the whole year, do you expect it like last year or do you expect it like normal year what we had earlier year, this year?
- S. Venkatachalam:** We expect Q2 to be at least better. Q3, of course, Q3 and Q4 not much wind happens but at least Q2 should be a little better. Let us hope, if it continues the weather gods should be kind enough to ensure that Q2 also goes on well.
- Manoj Bagadia:** Right. But in worst scenario, would it be similar to last year or it could be lower, I mean. I hope it is not lower than last year also I mean last year we had some issues with the wind?
- S. Venkatachalam:** Yes, let us hope, it is not lower than last year, correct.
- K. V. Kasturi:** See, we are hoping that but it is nature's thing and second thing is that forecast is available only for five days. So, obviously, we do not have any Q3 - Q4 forecast, we do not have right now. But hopefully, the July is not that bad, August is looking better. So, hopefully, we will beat last year.
- Manoj Bagadia:** Okay. That is good, at least if it is better than last year then hopefully at least it gives you better cash flow.
- S. Venkatachalam:** That is right. Yes.
- Manoj Bagadia:** Okay. Hope to hear good news as soon, sir, I mean because I think it is long, long time, I hope to hear good news.
- Moderator:** The next question is from the line of Saikiran Pulavarthi from Haitong Securities.
- Saikiran Pulavarthi:** I think, there is some discussion which happened and Andhra Government's decision and all that stuff. But sir, broadly if we take a step back and I do understand that you mentioned that there will be no legal sanctity for whatever the move which the Government had taken. But do you foresee any risk of other states also going through this path, if any? What could the central Government do to prevent such kind of....
- S. Venkatachalam:** See, basically few things. Se, couple of years back when the tariffs started falling and the tariff went as low as Rs. 2.44 and Rs. 2.43 for wind and solar, there was a

temptation of various Government's especially Karnataka and Andhra itself, Telangana others they started the ball rolling in terms of renegotiation of tariffs. So, they tried that for a couple of months and then they realized that this is not the right thing to do because it sets back investments in their own state and also it is wrong precedents as such. So, the other states, they have already been through this process and they have shelved these kinds of ideas of renegotiating previous tariffs, even in solar, they were even at Rs. 15 tariffs are also still in existence in some states. Now, Andhra started this, of course, we are all aware of the motive behind the entire exercise that Andhra started this with. Now, they started this with kind of a political vendetta or vengeance. Now, since they started this, they cannot really suddenly go back. Now, the things that are happening as far as the Central Government, the Power Minister and the MNRE have written to them and the Power Minister has also spoken to the Chief Minister, we understand that they are going higher and then they will of course, the Chief Minister through probably the PM and various other sources to put pressure saying that that this kind of a thing is not on because it not only sets the precedents in the power sector, remember it can even road construction tariffs or pipeline projects or whatever non-power sector projects also then the Governments will say that we want to renegotiate.. It sends jitters or various other foreign investors also waiting to invest in India.

K. V. Kasturi:

Second thing , as far as the rates are concerned, rates are determined based on a tariff commission because each state has got electricity commission which is comprising of legal member and then commercial and the technical member and they go through these certain processes. They have a lot of inputs coming from investment costs what is called the return on equity and the debt portion, rate of return on the debt, all those things factor it, and they make a good commercial justification for that particular rate. And second thing is these PPA is being signed by three parties, because there is the IPP player and the Government and the Electricity Commission. So, because it is not just like that, so Suo Moto, you cannot do anything it has to be bilateral one and it needed to be observed that's why the committee itself is now made null and void by the High Court order. So, obviously, it cannot be negotiate because it is a sacrosanct, because once you have signed for 25 years, it is sacrosanct. You cannot go and negotiate because it is determined based on certain investment, CAPEX and the rate of interest, rate of returns, everything is determined. And it has been with a lot of consultative approach. It is not just like the unilaterally designed and then fix the price.

Saikiran Pulavarthi:

Sir, so understand that sir. So, now, in the meantime, of what will be the Government's move whether they are still taking the power from all the renewable guys and then paying up for that or what is that is happening, sir?

S. Venkatachalam:

See, they are kind of trying to mix and match between the renewable and the thermal powers guys. Now what has happened is also if you realize the NTPC itself, the Andhra Government owes them more than Rs. 2,000 crore. In fact, a couple of months back and NTPC threatened to pull the plug and say that we will not supply. Though of course, it is a little remote that Central Government agency would actually do this. But there have been threats by them itself to saying that we will stop supplies of power to the entire state. But at the same time MNRE has written to the Andhra Government saying that you will have to give them a deem generation benefit, which we can at least use in a court of law. Though they may not pay it off but at least we can use it in a court of law saying that this is the kind of this thing we will we will stand to lose if they back us around down and take such actions which are not in accordance with law.

Saikiran Pulavarthi:

Got it, sir. But can you confirm that they are still buying the power from you guys or any other renewable guy?



- S. Venkatachalam:** They are also buying the power from us. There is a little bit of back down which is happening but we are managing that.
- Moderator:** The next question is from the line of Prithviraj Mehta from HNI Investments.
- Prithviraj Mehta:** When can we see improvement in the earnings sir?
- S. Venkatachalam:** Sir, we are putting all the efforts to ensure that we give the best return to the shareholders. However, you have seen that in the past, there have been certain setbacks and now we are in a much better situation as far as we are a wind only company and we are hopeful that we will in the next couple of years let us things improve to give best returns to the shareholders.
- Prithviraj Mehta:** Can we expect improvement in the next two years?
- S. Venkatachalam:** Let us hope so, sir. In fact, one cannot give any speculative answers on this. But definitely we are hopeful that we will give you the earlier than that, we also are hopeful that that the company should do well. And all the power companies not just us, all the companies in the renewable energy sector or in any other even the coal power sector should do well.
- K. V. Kasturi:** Here the promoters are putting almost 48% they are holding it, they are also quite keen to improve the return. So, obviously, everybody is working towards improving the performance of the company in all aspects.
- Prithviraj Mehta:** Okay, second question is, where can we see the subsidiaries performance?.
- K. V. Kasturi:** See, normally we publish only the consolidated number and particularly even in the last year accounts we will find the consolidate numbers and the OGPL performance and there is a reference of the subsidiary's information also available in the annual report itself.
- Moderator:** The next question is from the line of Ashwin Reddy from Samatva Investments.
- Ashwin Reddy:** I have a few questions. So, right now, you mentioned that the Andhra Government has backed down a little but they are taking the supplies from you. So, but right now, are you are getting paid for whatever you are supplying to them or is it kind of getting delay in the payments?
- S. Venkatachalam:** Yes, payments are still delayed. In fact, it started about two years back from 30 days 45 days, it is it was at eight months and then these two months, it has gone up to 10 months, there is no payments coming out from Andhra. I understand, there are no funds, but they were raising some money about Rs. 2,000 crore was supposed to be raised and once that comes they should definitely pay at least the pass.
- Ashwin Reddy:** Okay. And from the agreement that you had initially you cannot supply to anybody else, right? You can supply the entire...
- S. Venkatachalam:** All state PPAs do not have an open access, unless you specifically apply for open access and then shift over. But the same PPAs are only to the state grid.
- K. V. Kasturi:** You have to cancel that PPA then only you can go for merchant sell.

- Ashwin Reddy:** Understood. So, the recent Government move to kind of at least address some concerns, right wherein they are asking Governments to open an LC and then kind of ensure that payments come through, is that even taking up in any state, especially in the Tamil Nadu or in Andhra or anywhere, are Government is taking that on?
- S. Venkatachalam:** Not that we are aware of. See, the circular is there and they are supposed to buy power only against assured payment terms. I am not aware of many, if many of the Government state utilities have the ability to even get LCs done with the kind of situation that they are in. So, I do not know how practical this particular letter or the instruction from the Government is. But as of now, I do not see this happening in the immediate term. But if it happens, it is very good for the sector itself, it will give a huge boost to the sector.
- Ashwin Reddy:** Right, okay. And you mentioned that in this quarter the promoter loan interest will be waved-off. So, has this been pushed out or how is the promoter thinking about the amount of loan and the interest portion? I mean slightly more longer-term color would be helpful.
- K. V. Kasturi:** Yes, the promoters last year also they gave a waiver-off interest and this year quarterly basis, they will keep reviewing it and depending on the company's position they keep giving the waiver.
- Ashwin Reddy:** So, is this the waiver or is this the push out to next quarter or can recover later again?
- K. V. Kasturi:** It is a full waiver.
- Ashwin Reddy:** Full waiver, okay. And also, for the wind assets, which you have right now, what is the annual maintenance CAPEX that you would incur?
- S. Venkatachalam:** See, basically, the O&M cost in new windmills it ranges to about 10%, in the old windmill it goes to about 20% because they are much lower turnover also generating So, the proportions which are lower denominator, the proportions go a little higher. See, the EBITDA overall after the O&M and manpower and other expenses comes to about 75% to 80% overall.
- Ashwin Reddy:** Right, okay. But what proportion of your assets would you classify in the older category versus the new category?
- K. V. Kasturi:** Out of 425 Mw about 180 Mw to 285 Mw or your category and the rest of it about 240 Mw predominantly in the Beta Wind Farms are in the new category.
- Moderator:** Thank you. The next question is from the line of K. P. Singh, an Individual Investor. Please go ahead.
- K. P. Singh:** Sir, when can we see improved performance from the Company? Also could you clarify about the Rs. 110 cr advancement? And what is the status of the project?
- K. V. Kasturi:** See, one is that with respect to the advances to the equipment because this is the equipment which we have doing it for Phase III project in Beta Wind Farm which is Andhra Pradesh.

K. V. Kasturi: See, after the introduction of this a reverse bidding auction, the Government is not accepting the feed-in tariff, okay. We have the valid order for feed-in tariff which Government is not accepting that. So, that is why it got in stalemate. So, obviously, we may get some clarity in the next couple of quarters or we may also sell this project also.

K. P. Singh: Sir, when can we see improvement in the revenue generation? Weather reports have been favorable right for the quarter?

S. Venkatachalam: No, sir. In fact, I would like to differ on that, the wind actually started in mid of June. In fact, the wind was supposed to start in the end of May and it was blown away by a cyclone, which if you remember went to Gujarat, Oman and that kind of cyclone. Following which, the wind only started the regular wind, which was a good wind started in mid of June only. So, there has definitely been a delay in the wind season as far as Q1 is concerned, after which the wind has been good.

Moderator: Thank you. That was the last question in queue. I now hand the conference over to the management for their closing comments.

S. Venkatachalam: Thank you very much to all the participants. And as we said, we have definitely been through various phases, as we went through the development over the last 8 years - 10 years and following which, in fact at that point in time the wind and the biomass were the best-looking industries with good returns. But then things various turns in terms of grid back down and various other things which happened, the biomass tariffs. Definitely, there were set backs as far as the industry's were concerned. Things then did start improving and we actually did high hive-off the biomarkers and even the Andhra project also got delayed. But the thing really further set back various things were the competitive bidding which went on to such low rates, which also started exciting the various state utilities to renegotiate and, you know, relook at particular tariffs. But this competitive bidding also the Government has realized is not here to stay because the later bids are not being bid to the full. And also, many people are saying that we should bid not less Rs. 3.25 or Rs. 3.50 in the coming bids. There are very few bidders that the Government is able to look at. When the Government has realized that you know that these things are not sustainable in the long-term, if they really want to achieve targets that they have set for themselves like 175 Gw by 2022. And fortunately, it is the same Government, so they cannot go back on the word as such.

So, from our point of view, also, numerous steps have been taken and we are quite confident and we are only hoping for some good times to come. There have been setbacks and the latest setback being the Andhra setback itself, which I am hopeful we will get sorted out in a month or two and then after which the payment should start coming. And unfortunately, we are not able to give the right timelines to any of the investors. We are also looking at it on a day-to-day basis, minute-to-minute basis. And we are really hopeful and we are confident that you know these things will get sorted out because the Government itself sees that there have been a lot of setback for the power sector and they are quite serious about it. And we are all are hopeful and let us look forward to some good times. Thank you so much.

K. V. Kasturi: Thank you.