



ORIENT GREEN POWER COMPANY LIMITED

31st January 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 Q3 9M FY 2019 results

This is further to our intimation dated 18th January 2019 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Q3 9M FY 2019 Financial performance of the Company.

The transcript of the conference call held on Friday, 25th January 2019 is enclosed for your reference and records.

Thanking you.

Yours faithfully,

For Orient Green Power Company Limited

A handwritten signature in blue ink that reads "P Srinivasan".

P Srinivasan
Company Secretary & Compliance Officer



Encl: as above



Orient Green Power Company Limited Q3 & 9M FY19 Earnings Conference Call January 25, 2019

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- Moderator** Ladies and gentlemen, good day and welcome to the Orient Green Power Company Limited's Q3 & 9M FY19 Earnings Conference Call. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you, Mr. Vaswani.
- Mayank Vaswani** Thank you. Good afternoon everyone. I welcome all of you to Orient Green Power Company Ltd.'s earnings call to discuss the performance for the quarter and nine months ended December 31, 2018.
- 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 these have also been 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 Mayank and a very good afternoon to all of you and thanks for joining the investor call. I trust all of you would have had a look at the results and gone through the Investor presentation that was circulated earlier. Let me discuss the key operating highlights first, post which Kasturi can take you through the financial performance.
- Overall Q3 has clearly been a soft quarter and the underwhelming financial performance is largely attributable to the volatile wind pattern. You may be aware as I talked about it in H1 that this is a pattern which happens once in 4-5 years and this unfortunately has been one of those years with low wind. The wind season started about 15 days late normally, it starts in the mid of May, but this time it started in the end of May and ended fifteen days earlier. So it was kind of a double whammy impact instead of ending in mid-October it ended in September end itself. Therefore the wind in October which is part of Q3 got affected & there was also an impact of Gaja Cyclone which happened in November leading to overall dip in generation for 9M to about 6.42 crore and causing to an overall dip in revenue to about Rs. 48 crore. Ofcourse, this Rs. 48 crore is not comparable on a like to like basis it also includes some Rs.10-11 crore of REC which was booked in previous year at Rs. 1500 as against Rs. 1000 this year.



Having said that, one can see a clear shift in terms of the consistency which stems largely from the strategic initiatives undertaken in recent past. Our numbers for the have an underlying resilience to them despite multiple headwinds during the period - delayed onset of wind season, uneven wind patterns, loss owing to cyclone etc. As a result these numbers do not reflect the progress that we have made in the last couple of years in strengthening the business architecture.

Let me quickly talk about some of these initiatives - Beginning with our deleveraging exercise. As mentioned in our earlier calls, we have been actively working towards improving the gearing ratio and liquidity profile of the business. We have been in discussions with bankers seeking to lower the interest rate and extend the tenure on existing loans. As can be seen from the financials we have already reduced average rate by 200 bps over the last three years and interest cost has reduced on an absolute basis as well as relative basis using metrics like interest coverage, EBITDA/Interest etc. I am pleased to report that we are making progress towards further lowering our interest outgo and help us improve the cash flow position of the business. Higher finance expense had been one of the key reasons for lower profitability of the business in recent past. We are optimistic that ongoing discussions will fructify into further reduction of interest rate.

I am pleased that the current development will help us address that problem effectively.

Secondly, the sale of biomass business has not only helped us lower our debt burden but has also made us into a more focused & agile entity. Management efforts are now primarily focused on elevating the wind business further by tapping the massive opportunity the segment offers. Biomass business as you may be aware was actually acting as a drag into the business and OGPL being a pure Wind Company has lots to offer over the years to come.

The combination of the above two measures has significantly eased the debt burden on the business.

The third positive development has been the revival in the REC market. You will recall towards the end of last financial year, we saw the spurt in the REC volumes following the reinforcement by the Government. Now the entire nine months our entire REC inventory has been traded and the certificates are now getting traded over their floor price. In fact this would be the actual aim of the REC, the several initiatives undertaken by the Government that is was to be a freely traded certificate. The demand situation has seen significant improvement owing to stringent regulatory actions. The buoyancy in the market has strengthened the additional revenue stream for the business – in turn improving overall liquidity and cash flow position. We have been able to liquidate RECs inventory resulting in zero inventory for the third consecutive quarter now – this has resulted in revenue generation of approx. Rs. 26 crore during the nine months. This has been a very positive development for the company and the industry as a whole. In fact the average trading price for the quarter works out to be Rs. 1160 and in fact in the last trading session in December 2018 it was Rs. 1,320 for us on an average across both the two exchanges. So we see this as an upward trend and considering the shortage of RECs and regulatory enforcement this is only likely to improve further.

The fourth positive thing for the business has been the stark improvement in grid availability. This improvement is largely owing to the efforts undertaken by TANGEDCO – which has resulted in grid availability in the range of 90%+ consistently for over successive quarters now. Grid back down was a pain point for

us and most of the other players in the industry – resulting in revenue erosion of significant proportion. With stable evacuation levels potential is getting converted into performance.

To conclude, let me just reiterate that despite the low wind season the business is in a good shape, we have resolved most of the legacy issues and are in a much better position to drive the growth of the business going forward. This quarter has been an aberration, with the initiatives we have taken over the past few years, we would be able to manage the business in terms of the bank payment, servicing of the loans etc.

The macro environment as well, despite recent uncertainties has changed for the better – growth conducive, transparent and consistent.

That's it from me and I now hand over to Kasturi who will take you through the financials.

KV Kasturi

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 sessions.

Starting with the top line, total income for the quarter stood at Rs. 33 crore as against Rs. 58 crore reported during corresponding quarter last year, while on a nine month basis the same stood at Rs. 283 crore as against Rs. 354 crore. The decline was largely owing to the reasons mentioned by Mr. Venkatachalam earlier during the call.

EBITDA for the quarter stood at Rs. 13 crore against Rs. 36 crore reported in Q3 FY18 while on a nine month basis the same stood at Rs. 215 crore as against Rs. 278 crore generated in 9M FY18. Here again, the reduction was largely owing to the same factors mentioned earlier.

Depreciation for the quarter stood at Rs. 30 crore as against Rs. 31 crore reported during Q3 FY18, while on a nine month basis the same stood at Rs. 83 crore as against Rs. 94 crore registered in 9M FY18. Going forward as well, the depreciation charges should stay lower given that biomass assets are now off the books.

Moving on to Interest expense, as mentioned by Mr. Venkatachalam earlier we are very optimistic of closing the deal on refinancing which will help us lower our interest outgo. In recent period we have also been able to refinance loans which were restructure under 5/25 scheme amounting to Rs. 765 crore. The combination of the above measures have resulted in not only improving the profitability of the business but at the same time has also eased and improved the liquidity profile of the Company as well. We expect the liquidity position to be fairly comfortable on the back of the above measures.

A quick word on RECs – trading volumes continue to remain strong on the back of strong demand. Most of the certificates are now getting traded over the floor price. Demand scenario has drastically improved on the back of stringent actions of the regulatory agency. We have been able to liquidate our entire REC inventory once again during the quarter helping us fetch revenues of approx. Rs. 25 crore during the nine months. We could have earned even more had it not been for cyclone Gaja which resulted in lower units generation ~4 crore units. We are hopeful of the momentum sustaining in REC trading going forward as well.

Another area of focus for us is the reduction of debtors. We are focused on collections and will look to reduce the buildup before the end of the fiscal.

To conclude, I would just like to state that as mentioned by Mr. Venkatachalam earlier, the nine months numbers do not reveal the true position of the business when viewed in isolation. We are in a much better position presently, and are optimistic of delivering steady and consistent performance going forward.

That's all from me. We can now take your questions.

Moderator: Thank you. The first question is from the line of Ramakrishnan, an Individual Investor. Please go ahead.

Ramakrishnan: Sir, do we have any plans for share buyback given that it is now trading at around its 52-week low?

S. Venkatachalam: As I said what the market determines is something which is not in our control. The market is also looking at the power sector as a whole and probably reacting to changes or challenges that have been faced in the power sector. But looking at our Company itself I would not say that it is a reflection of the true performance of the true value of the market share of the market price that is prevalent today and especially today that you mentioned. Basically, there are number of positives which in the long term we see as positive. At this moment I am pretty bullish that going forward these things will improve. Of course, I cannot comment on the share market prices, but definitely things are in an improvement stage and things will definitely look much better over a period of time.

Ramakrishnan: Any updates on the merger plans, earlier you were looking for expansion through reverse merger, some kind of things?

S. Venkatachalam: Yes, we are continuously in talks with various people, in fact, you are all aware that we had a chat with IL&FS quite some time back, that did not work out and it is also good that it did not happen, in fact their wind assets are up for sale and various people are bidding for it. In the meanwhile, we have been having preliminary discussions with many others and since the discussions are still very preliminary we will inform you as and when they gather momentum, but there is a lot of interest considering one is that because we are a listed entity and for the time being with the elections in the background and with certain challenges because the tariffs quoted in the power projects are little low, it will all renew after the March quarter. I must say that the tariffs which have been quoted low in the past, most of these projects also have not come up, the later tenders that came up, the SECI tenders have not been quoted in full, because people are expecting the tariffs to go up and many of them do not want to quote. So, that is another positive sign which I was talking about in a couple of investor calls earlier. Three to four rounds of biddings will be subdued but then after that probably better sense will prevail and the markets will correct further.

Ramakrishnan: Earlier there was a plan in expanding one of the Andhra units to add some more megawatts. Is it already in operational or is it going to be a benefit for FY 19?

S. Venkatachalam: No, not really, we have been in talk with the Andhra Government. At the present moment the Andhra Government is under little bit of strain, in fact, the only payment delay that we suffer is from assets that we have in Andhra. That is probably why we are little behind schedule in the banks, SMA zero kind of levels. With the Andhra Government under a little bit of strain, in fact, we have been in touch with them, they said they will take it up in the next quarter, this quarter is not likely to happen, next

quarter in the sense probably a little after the elections is when probably all this will again gain momentum and we will definitely put up that project of 44 MW in the same site that we have in Tadipatri.

Ramakrishnan: Could you give latest updates on the debt information, how much is from the OGPL and how much is from the management side?

KV Kasturi: The total debt is around Rs.1,680 crore, out of which bank debt is around 1,200 crore and around Rs.480 crore is the group debt.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Can you give more color on what is happening on the REC market, you said there is some bit of positivity, why do you think that will sustain?

S. Venkatachalam: If you see the REC which is started in 2012, after that actually it started trading at premium above the Rs.1,500 floor price that was set for the REC markets, in fact it even went to some Rs.2,500 and so on and so forth. After that many of the obligated entities they felt that they can do away without actually buying the REC certificate and there is no pressure and since there was not much enforcement. So, obviously the REC is built up to almost Rs.2,000 crore and beyond and it was being discussed at various MNRE meets, etc., that we had with the ministry. In fact just over a year that is in the last five quarters at least the ministry has taken it up very strongly, in fact they have been pushing the Government saying that if you do not comply with the REC, they will not get some of the subsidies which they are entitled to do from the central Government side. So the power minister after Mr. Piyush Goyal, Mr. R.K. Singh, he is being absolutely very strict on this particular count and he has been enforcing this. There is actually a rush for REC and the actual generation of REC is not enough to cater to the demands. So, as a result, the trading sessions of this year has been on an average for us at about Rs.1,160, the last trading session actually gave me Rs.1,320. There are one or two who actually bid Rs.2,000 for the REC but the average price that is discovered is around Rs.1,320 for the last session. In fact, the last three sessions of this year, that is Jan, Feb, March seems the further improvements in that particular number.

Puneet Gulati: So, you are seeing some bit of enforcement by the ministry?

S. Venkatachalam: Absolutely. One more point on the REC, basically some RECs which are escrowed, the differential between Rs.1,500 and Rs.1,000 was set aside by the Supreme Court and escrowed will be central regulator that is CERC. So, particular hearing has been going through various postponements and finally it is going to come up for hearing in February. Since it is a past issue, we are quite confident that the escrowed amounts which is for the wind itself is about more than Rs.21 crore, the escrowed amount also should come back to our fold and the various other developers who had REC stuck on that account.

Puneet Gulati: Escrowed amount in the books or is that...?

S. Venkatachalam: Escrowed amount is actually in the books and it is part of the receivables.

Puneet Gulati: Secondly, you also said there is a bit of constraint on account of lower prices of bid. At what tariffs would you be comfortable in bidding and looking at growth again?

- S. Venkatachalam:** Today's machines are available closer to the 40% PLF mark and considering the sites that are still available in Gujarat, Tamil Nadu, etc., I would say something like Rs.3.25, Rs.3.50 would be the range should be a sweet spot. Now, the last end at Rs.2.75, etc., for both solar and wind, many people did not quote because capital costs are among the higher side, in fact, when we quoted Rs.2.44, I think that was a clear aberration. The capital cost, many of them are not able to raise finances. We have taken very tight kind of assumptions in the excel sheet which is in terms of higher level of PLF, the assured payments, but in a business like this you always have to factor some of the uncertainties in terms of okay, bad wind year, the uncertain payments, they may promise you anything but they may not honor all these commitments, there will be some amount of grid back down, maybe even if it is 3%, -4% it does affect your business to a certain extent and degrees have to be factored in, one cannot go so bullish and quote sub-Rs.3 rates at all the time and expect to do business because after three, four years, all these things will open out. So we see some sense prevailing among the bidders and there is an improving trend as far as these what I call the unviable bids are concerned.
- Puneet Gulati:** On the transmission side, do you see bottlenecks or is there enough capacity in terms of transmission connectivity?
- S. Venkatachalam:** Huge improvement as far as that is concerned. In Tamil Nadu itself from 60% grid availability to over 95% grid availability that we have seen this year. Secondly, the national grid is also connected. So there is some amount of power, the momentary surpluses in power which are flowing outside the states, so there is at least that much amount of power is being evacuated so that we can evacuate in full. This is how the European grid operates. They operate between countries. So any surpluses are absorbed by the entire grid.
- Moderator:** Thank you. The next question is from the line of Sanjay Kothari from Vibrant Securities. Please go ahead.
- Sanjay Kothari:** My question is regarding a follow up on SECI auctions. So the auctions which are previously taken on at the lower price level, so what is your view that, will the participants be able to execute at those levels and if we are going to see rise in the tariffs going in the future auction, then is there any penalty for them to back out and basically participate in newer auctions at the higher price levels?
- S. Venkatachalam:** Basically, the auctions which took place at Rs.2.44, etc., many of these projects have not come up and in fact the Gujarat tender also you may be aware that Gujarat had not allocated the lands for about almost a year after that tender. So, it is only just before the global investment meet or the vibrant Gujarat summit. We just came up with the thing that okay we have now sorted out the land issues where actually speaking they have not really sorted it out. What we have told the developers is why do you not all combine into one park so that all the infrastructure can be provided to you at that one park. But if I have quoted certain PLF assuming a particular wind spot and somebody else has quoted using another wind spot, if you ask us to combine; now it is definitely going to affect the overall financials. Without naming the party I can tell you there is one party in Tamil Nadu who had quoted Rs.3.42, has not been able to achieve financial closure, in fact, he is still going around the bank, trying to raise funds for the Rs.3.42 quote. Now, for Tamil Nadu tender, some of the banks and financial lenders are not really comfortable because they delay payments and so on and so forth. Even most of the solar tenders have not yet reached, few have been installed, in fact some of the companies in the solar segment also are running around trying to sell their old tenders which they won at let us say Rs.5 or Rs.4 in the past of the assets and try to fund these assets because they are not able

to raise finances at these exceptionally low levels. So, definitely I think common sense will start prevailing at some point in time.

Sanjay Kothari: Is there any penalty of backing out basically if the financial closure does not happen and they are not able to ...?

S. Venkatachalam: In fact, unfortunately there are no severe penalties, it is only the bank guarantee that you lose whereas you have been recommending...if you are an EPC company, in fact, if you quote for a road project or a pipeline project or whatever and if you do not honor the commitments of the tender, you are actually blacklisted from that state. Similar thing has to be there. Right now it is only the bank guarantee which people are saying, okay, they are willing to take that risk but it should actually be a penalty which forbids you from bidding in all future tenders, you or your subsidiary companies in any other form. Only then some kind of pressure will come so that people will say that okay, if I make a wrong quote, I will be held responsible for it. Unfortunately, that enforcement is not still strict enough.

Sanjay Kothari: How much is the bank guarantee thing – is it 5%?

S. Venkatachalam: I think it varies from tender-to-tender, it is not even 5% as far as I know.

Sanjay Kothari: One follow-up question; what are the sustainable tariff levels which you think that wherein basically players are going to participate in, we are going to see revival in the wind sector?

S. Venkatachalam: My point of view with higher PLF machines that are available in better size which are still available. Rs.3.25-Rs.3.50 would be a reasonable this thing considering the capital cost also are going up overall, but people maybe more bullish and quote between Rs.3.00-Rs.3.25.

Moderator: Thank you. The next question is from the line of KP Singh, an individual investor. Please go ahead.

KP Singh: Sir, Our company has best wind sites of the country and have very good grid availability above 95%. Despite of this, we are unable to show profits in last 10-years because you have gone with IPO of Rs.1,000 crore in 2009, 2010. So, can we think that wind power is a non-sustainable or non-profitable business?

S. Venkatachalam: I would like to take you through the history. Okay, we went in for the IPO round about 2010 and in the meanwhile lot of the installations came up in Tamil Nadu and we were also focusing on Tamil Nadu. If you go through the history, when we started, we were really focusing on Tamil Nadu as the best destination because the best wind sites are always available in Tamil Nadu. Even among the world's wind sites, we stand among the top. Now, having said that, many people actually started investing heavily in Tamil Nadu. As a result, Tamil Nadu has got over 8,000 MW of wind installations and when the grid capacity or the momentary demands are only between 13,000 and 13,500 MW. In fact, few years back, it was even lower. As a result, with the power fluctuating between let us say 2,000 MW to 7,000 MW on a given day, the TANGEDCO that is Tamil Nadu discom was not able to absorb the entire amount of power and which resulted in huge amount of back-downs and which affected our performance also in terms of financials, in fact, on a rough count, we would have lost about over Rs.300 crore just in terms of grid back downs despite the fact that it has got must-run status. Unfortunately, there is nothing which holds the discom to ransom or there is nothing like fixed charges or let us say there is nothing like any penalty on the discoms for backing down. So they happily were backing

down the wind installations. As I said, over the last two, three years, this has improved significantly and also as we said we done away with the biomass business, reducing interest rate, the RECs were not trading which was adding to our cash flow issues. Now, all that really being a thing of the past. We have faced these challenges and in fact, I would say we have come out of all of them and we can only look forward to a much better future times to come.

KP Singh: Sir, but we have spoken about it in our earlier calls as well, but our Balance sheet still looks weak ?

S. Venkatachalam: Basically there are two things to it. One is okay, we talked about the very low wind year which happens once in four to five years. Unfortunately, this is that year. But if you see after hiving off the biomass business and reducing interest rates, etc., we are able to take care of the banks and do a sustainable business. From our time when we were looking at only the group funding to take care of our business. So this has been a major change I would say that we have come out of all that. There are a lot of people who are willing to invest, but as I said...

KP Singh: Sir, Amrit Environment Technologies sale is pending from two quarters? What is the current status?.

S. Venkatachalam: No, in fact, the sale has been worked out. Basically that has a loan from IL&FS. IL&FS is supposed to give us the NOC for the sale. There is a little bit of turmoil as far as IL&FS is concerned. They are trying to sort that out and meet the right people because there is a complete change of Management or change of the people whom we were in touch with. So, I think by March or just after that we will be able to sort out that issue as well.

KP Singh: My second question is what is the sale amount received from REC?

S. Venkatachalam: The amount held in deposit for the REC, which is escrowed with the CERC is about Rs.21 crore which I said in a previous question that hearing in the Supreme Court will come up in Feb, after that which as I said we are quite confident because it is a thing of the past, the Government can't hold up money for things which were a past and which was actually documented and agreed upon. So we are quite confident that this Rs.21 crore which is escrowed to the CERC will come back to us.

KP Singh: You have a foreign subsidiary, in that, you have invested Rs.80.3 crore. What is the reason?

S. Venkatachalam: Basically there is 10.5 MW that we put up in Croatia and that is up and running and we have got a bank outstanding of only about Rs.35 crore, we have been regularly paying that, that site is actually in fact doing pretty well.

KP Singh: This Rs.1.3 crore is the net profit sir from your foreign subsidiary Croatia?

K.V. Kasturi: Yes, it will be from the foreign subsidiary. It is making profit but it is not sufficient because all the profits are held back because they have to meet the loan obligations and interest obligations, it is kept there actually.

KP Singh: Sir we have been investing but the performance in terms of finance is not shown from last 1.5-years, we are waiting from last three years that things will improve, but despite of that every quarter something has happened unwanted and things are not improving in terms of real terms?

- S. Venkatachalam:** I appreciate your point but I think we will have to be little patient in long-term power businesses, etc., and myself pretty confident that things will change considering all the things that we have taken in terms of strategic initiatives.
- K.V. Kasturi:** One is that the company has taken lot of initiatives expecting operating expenses reduction plus interest cost reduction. All the efforts are being made. So if you look back almost two years back or three years back, our interest cost used to be around Rs.250-275 crore. Today, we have brought down to around Rs.200 crore and we are exploring further interest reduction also. So, as we go, we are working on some sort of refinancing options for the existing debt...
- KP Singh:** Sir, coming to your AP project, you have given advance of Rs.110 crore to your sister concern, but in the last three, four years it is not installed for 44 MW. So this is the investors money which is blocked from last three, four years without any return. So, all these things affected the total financial and this natural calamity is that this quarter we are expecting something better for a company but now you told wind conditions are not favoring.
- S. Venkatachalam:** Even that Andhra project, as I mentioned, probably it will happen just after the elections or they may not take it up this quarter also. So there has been a delay. Unfortunately many of these governments when you do power business, we are at the mercy of the government but we have got enough this thing to take care of all that and we have done it in the past, okay, this has been one investment which is taking sometime. We do appreciate your concern but we are addressing that as well.
- KP Singh:** Sir, the wind conditions are bad for all sites? Because you have 10 sites?
- S. Venkatachalam:** All sites, in fact, if you can talk to any wind developer, they face the same situation across the country.
- Moderator:** Thank you. The next question is from the line of PR Mehta an Individual investor Please go ahead.
- PR Mehta:** Sir have two questions: What about the recovery of loan to Janati Bio Power Private Limited? They are not paying interest also.
- KV Kasturi:** With respect to that loan, Janati Bio Power is our subsidiary of our parent company SVL Limited. This amount is definitely recoverable. We are working out a solution. Maybe by end of March, we should have a solution to recover the entire money. You do not have to worry about it.
- PR Mehta:** ok secondly, if such wind season remains for next some years also, what is the planning for survival of company, any innovation or diversion or when do we expect positive results then?
- S. Venkatachalam:** As I said, first and foremost this wind pattern every four to five years you have one wind year, which is little on the lower side, but the overall PLF which has been estimated in the past for 25-years period, that is normally maintained, you can talk to any wind developer, suppose the wind mill is rated at 27%, some years 28, some years 26, etc., even 25, 23, and unfortunately this aberration is this particular year. Having taken a number of initiatives, removing the drag on the biomass business, reducing interest rate, etc., even with this low wind, we see that the business is sustainable because we are able to at least pay back the banks, we are able to sustain the business without any input from any other sources which were there in the past from our group companies which were supporting us. If the wind improves,

only things will improve further and definitely we will be in a profitable zone. Today even if we are not in a profitable zone at least the cash flows are well taken care of.

PR Mehta: Any innovation for low wind season?

S. Venkatachalam: Not really. Basically, the later generations of machines compared to the old generations of machine, old ones which were 250 KW and 500 KW had PLF of between 15% and 20% depending on the wind size that you occupy. But the later generation machines are all talking about 35%-40%. They have got much higher hub hike, in fact, the height of the wind mill itself for the center of the hub is at about 120 meters, the blades fan also is about 110-120 meters giving a higher sweep area, you know the wind is proportionate to the πr^2 which is the sweep area that you have. So at 120 meters blade, that is the 60 meters radius as compared to the 15-20 meters blade that you had in the past. So you can see the amount of wind that is still being generated. Further, our design for Class-III sites which are the lower wind sites which are now residually left. They kick-in at something like 3 meters per second itself whereas the old mills wind mills they will start producing at 3.5-4 meters per second and even the very old ones were starting generating at slightly higher wind speed. So, those innovations have taken place but these are the things for the future but with the existing thing, there is not much further that you can innovate but keep maintaining the high machine availability.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

S. Venkatachalam: Thank you so much. In fact, I think we have had a very good round of questions and very meaningful questions considering that we have had a low wind year and I do appreciate there is a lot of concerns especially when we go through such a phase. But I must also reiterate that we have taken number of measures and we are very bullish in spite of the low wind. We are only looking at something that we will only improve further and probably a year or two more of patience which will definitely see us in better stead over the years to come. Once again I say the low wind year has not affected the operations overall in terms of our ability to service the banks but once the wind improves and as we see over a period of time we will be looking at better realizations, better profitability or we will at least get into the profitable zone and we will also be able to put up a bid for more projects as the project tariff also improve. Thank you so much and I appreciate that you have all taken time out for a patient hearing to understand our business better.