



**ORIENT GREEN POWER COMPANY LIMITED**

**03<sup>rd</sup> February 2018**

**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, 5<sup>th</sup> Floor,  
Bandra-Kurla Complex,  
Mumbai-400 051.  
Scrip Code: GREENPOWER**

Dear Sirs,

**Sub: Transcript of Earnings Conference Call for Q3 and FY 2018 results**

This is further to our intimation dated 23<sup>rd</sup> January 2018 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Q3 and FY 2018 Financial performance of the Company.

The transcript of the conference call held on Thursday, 25<sup>th</sup> January 2018 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

## Conference Call Transcript

### January 25, 2018

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**Moderator** Ladies and Gentlemen, Good Day and Welcome to Orient Green Power Q3 FY18 Earnings Conference Call.. I would now like to hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you sir.

**Mayank Vaswani** Good Afternoon, everyone. I welcome all of you to Orient Green Power Company Limited's Earnings Call to discuss the performance for the quarter and nine months ended December 31, 2017.

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 have been 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 for his comments. Thank you and over to you sir.

**S. Venkatachalam** Thank you Mayank and a very good afternoon to all of you and thanks for attending the investor call. I know it's a long weekend just about the Republic Day coming in and long weekend ahead. I trust all of you had already a look at the financial results and gone through the investor presentation as well.

Now let me discuss some of the key developments and measures undertaken by us during the first nine months calling which Mr. Kasturi – our CFO can run you through the financials.

First of all, we are very pleased to announce our best ever nine months performance in terms of EBITDA and PBT which have increased about by 6% and 106% respectively on a year-on-year basis. In fact, this has come about with a sharp improvement in the Wind business which has delivered Rs.283 crore out of the Rs.287 crore EBITDA that we have reported.



Our Wind business EBIT is 15% higher at Rs.190 crore and PBT has grown nearly 7 times to Rs.38 crore. As you are all aware the bulk of the business assets have been sold and the remaining assets are in the process of sale.

Thus, while we are reporting the numbers as discontinued operations, the focus of our performance and growth outlook will be on the Wind business. A bit more on the biomass asset sale; we have concluded the sale of 8 biomass units to Jayanti Bio Power Private Limited which is a subsidiary of our promoter Company, Sriram Ventures Limited. This has happened on 31<sup>st</sup> December 2017. The transaction will result in the Company receiving an equity consideration of Rs. 80 crore while Rs.193 crore of debt against this biomass assets will get transfer to the buyer. As the Company has loans from the promoter company we will set off the equity consideration against loans outstanding to partially reduce that debt as well. So this transaction will effectively result in debt reduction to the tune of Rs. 330 crore, this has not only strengthened our balance sheets as well as but will also help accelerate value creation for the shareholders given the right back of the accumulated losses.

We are also working on completing the sale of the remaining units in the biomass sector. Now post this transaction OGPL effectively becomes pure Wind company with the portfolio of 425 MW with supply of power locked under long-term agreements at attractive rates. You may recall that in Gujarat we have 30 MW which has got a tariff of Rs. 4.15 paisa plus 50 paisa GBI which is available to us. In AP we have got 75 MW and the tariff is Rs.4.70 plus GBI of about 50 paisa. In Tamil Nadu our entire 310 MW is we are supplying power with an average tariff of about Rs.5.25 which is under the Group Captive scheme and the average collection for this particular Rs.5.25 tariffs is about 15 to 20 days because we have got all the AAA rated customers in Tamil Nadu like TVS, Madura Coats, the Cognizant and so on and so forth. Our average tariff overall is close to about Rs.4.50 realizations because there are certain cost in terms of the transmission and wheeling costs etc. Now I would like to emphasize that we have long-term agreements in place and hence we are insulated from the cut-throat tariffs that get reported sporadically.

One of the key contributors to our improved performance has been the positive developments on the macro side, mainly in terms of the consistent availability of the grid. Now the initiatives undertaken by the distribution company that is TANGEDCO towards improving the grid infrastructure has been a key reason for this grid availability of over 95% during the last 12 to 15 months and now with systems in place and with the strengthening of the North-south grid corridor we only see this number improving to almost 98% levels which was there in the other states.

A significant component of return around performance has been the overall reduction in finance cost which continued to trend downwards. For the nine-month period the finance costs have reduced by Rs. 22 crore that is 11% lower from the Rs.199 crore to Rs.177 crore. Now this is partially due to the divestment of the Biomass business and partially due to the refinancing and reduction in interest rates. You may recall we have done a 5/25 for the Beta Wind Farm loans; we are now looking for a completely refinancing of the Rs.1,000 crore loans which are presently

at an average interest rate of 13%. We are aiming to bring this down to a single digit levels enabling us to reduce our finance cost further and this we foresee in the next couple of quarters that will definitely happen.

Another very positive development for the industry has been the sharp rebound in the REC trading, in fact continuing the positive momentum which was witnessed in Q2 and Q3 as well we see the trading's for the higher trading volumes in the current quarter, in fact normally Q4 is the best quarter for the REC trading. In fact to give an example in November and December, November there was 19% of the RECs that were issued to the market was traded and in December about 47% of the RECs that were issued were traded. So basically about almost half the RECs that were available in the market have been liquidated. As a result, we as Orient Green Power we are moving from 470,000 units of certificates that we held in the beginning of March to a level of about 280,000 units that we are holding at the end of December. Apart from that there has been some amount of certificates you will see that about Rs.21 crore is escrowed to the CERC because the CERC there was a ruling by the Supreme Court if you recall that out of the Rs.1,500 per megawatt hour Rs.500 were to be escrowed till such time the courts take a decision and whether the RECs to be retained at Rs.1,000 or at Rs.1,500.

To conclude I would like to just reiterate that we remain optimistic about the business and we believe that we are much better placed and this time to deliver a steady and consistent growth on the back of supportive macros and Company specific initiatives. I now hand over the floor to Kasturi who will take you through the financials.

**K. V. Kasturi**

Thank you Mr. Venkatachalam. Good afternoon everyone and thank you for taking time to join our earning call. I will briefly run you through our financial performance for the period under review post which we can start the Q&A session.

Starting up with the revenues as mentioned by Mr. Venkatachalam earlier FY18 as on date has been strong year for us with a sharp improvement in revenues and profitability. The improved performance is largely owing to our strategic initiatives and improving macros. We are hopeful that we would be able to deliver strong performance over the coming years against such background.

Starting up with revenues from continued operations on nine months basis – we deliver a top line of Rs.354 crore as against Rs.328 crore generated in nine months FY17 while on quarterly basis the same stood at Rs.59 crore as against Rs.56 crore. Sustained momentum in the Wind business on the back of improved grid availability and timely onset of wind season contributed positively to the results. As mentioned earlier we have seen a stark improvement in terms of grid availability on the back of sustained efforts of TANGEDCO, which resulted in grid availability in excess of 95% for the last 12 months. EBITDA for the nine-month FY18 stood at Rs.278 crore as against Rs.261 crore generated during nine months FY 17. While on quarterly basis EBITDA stood at Rs.36 crore as against Rs.34 crore reported during corresponding quarter last year.

Margins for nine months and the quarter stood at 78% and 62% respectively. Increasing benefits of operating leverage, better PLFs coupled with persistent efforts towards containing cost are primary factors behind the margin progression. Depreciation for nine months stood at Rs.94 crore against Rs.100 crore reported during nine months FY17 while the quarter for the same stood at Rs.31 crore as against Rs.33 crore last year. Going forward depreciation will be lower now on that Biomass assets have been sold.

Moving onto interest expenses:

Our nine months basis finance outgo stood at Rs.161 crore as against Rs.167 crore while on a quarterly basis the same stood at Rs.53 crore as against Rs.56 crore. The decline in expenses on the back of our persistent efforts towards lowering the debt as mentioned in our previous call we have successfully refinanced one tranches existing loans amounting to Rs.100 crore at reduced rate of 12.75% from 18% per annum earlier with effect from 1<sup>st</sup> July 2017. The reduction in interest cost would save around Rs.5 crore per annum. Also loans amounting to Rs.765 crore where the restructured under 5/25 scheme will now be refinanced in MCLR rates which are approximately 100 basis points is lower than the prevailing rates of 13%. The combination of these initiatives expected to reduce annual expense by Rs.30- Rs.35 crore which will flow directly to PBT in turn improving cash flows and liquidity profile of the company. Also completion of Biomass would result in total debt reduction, approximately Rs.330 crore.

A quick word on RECs before I conclude:

Momentum continue to remain strong in REC markets on the back of regulatory pressure has improved demands from DISCOMS as well as captive generators resulted in strong trading in RECs. December 2017 trading session witnessed highest ever trade REC markets with 52.17 lakh to RECs getting saved. We sold approximately 3,79,000 RECs during nine months resulting in Rs.55 crore revenue. We had unsold revenue inventory of 2,39,000 RECs as of end December 2017 amounting to approximately Rs.36 crore.

To conclude, I would just like to reiterate that business prospects continue to look good on the back of supporting macros and our strategic initiatives. By undertaking requisite measures towards addressing our legacy issues we believe we are well placed to deliver steady growth going forward. That's all from me, we can now take your questions. Thank you.

**Moderator**

Thank you very much sir. We take the first question from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati**

What would be your blended cost of debt right now and where and how much is the scope for reduction from here on?

**K.V. Kasturi**

Currently our average debt cost is around 13%. We are looking for around refinancing for one of the significant SEB Beta Wind Farm where we're looking for

at least now 200 basis points reduction we are looking from it. Already since the loan is linked to one year MCLR out of nine banks three banks have already reduced the interest rates from 13% to 12% and the other six banks are in the pipeline which is likely to be done in the next couple of months because then it will be 12% and parallelly we also--as mentioned Venkatachalam mentioned that we are pushing for refinancing the entire debt of Rs.1,000 crore portfolio with we are aiming for at least single-digit rate kind of maybe 9.5% to 9.7% like something we are looking at it is. Probably the next two quarters we would be able to achieve this goal.

**Puneet Gulati**

How much is Beta Wind Farm you said currently?

**K.V. Kasturi**

Right now 13%

**Puneet Gulati**

But Beta you said you will bring it down 200 bps, right?

**K.V. Kasturi**

Yes that's what we are looking at.

**Puneet Gulati**

So 13 will go down to 11 there?

**S. Venkatachalam**

13% will already go down to 12% because its MCLR linked, automatically go down to 12%. Then from there on we will take it down by another 200 basis points to 10% or sub-10% levels. And the remaining Beta is about Rs.1,000 crore and the remaining Rs.200 crore which is with the bank and that also we have done some refinancing with SREI and others. Apart from that about Rs.410 crore is there with the group as loans so that will continue to sit in the books for a longer period of time though we are not repaying those debts, it's just accrued the books of accounts.

**Puneet Gulati**

How much does the group charge?

**K.V. Kasturi**

10.5%.

**Puneet Gulati**

Can you give some color on why you've seen higher activity on the REC side?

**S. Venkatachalam**

Basically over the years if you really see REC trading has been pretty subdued mainly because of lack of enforcement by the regulators. If you really see how the regulators are, they actually take a stand which is favorable to the DISCOM or the utility because they know that utility does not have much money. Also the regulators are normally retired people from the utility itself so they really don't put much pressure. Now that's changing and many of the state regulators have come from the legal background rather from the electrical background. Second thing, the Uday scheme has pushed many of these utilities saying that you have to comply with the RECs also which is something mandatory. In fact 2-3 states Bihar and I think Delhi also came in last couple of months in a big way. Then Hindustan Zinc and probably National Aluminum or Hindustan Aluminium, one of them came in a big way and mopped up significant portion of RECs. As I said almost half the RECs vanished in the last couple of trading sessions as such.

- Puneet Gulati** Till a quarter back the problem was still there and the change in the regulatory minds wouldn't have happened overnight, right?
- S. Venkatachalam** It's more the Uday scheme and they are being pushed to complete their task by March at least to meet their compliances. So March means obviously the last 3-4 trading sessions is when it starts to gain momentum actually.
- Puneet Gulati** But Uday has also been there for a while now.
- S. Venkatachalam** Not really in all the states, Uday there some of the states are beginning to comply with it, some would still try to buy time and as you rightly pointed out not everybody will immediately bite into it but over a period of time there will be pressure on them to bite into it. Secondly the private companies like the Hindustan Zinc etc. are ones who now know there is no escape route in this.
- Puneet Gulati** But why did private companies come now versus before?
- S. Venkatachalam** Basically there was Supreme Court ruling against Hindustan Zinc a couple of years back or probably 1.5 years back. They tried to challenge this RPO itself saying why should I need the RPO itself, so the Supreme Court shot them down saying that this is the renewable power obligation and there is no escape from it. So since then there has been supposed to have bought the RECs over the last one year or so but now they are trying to complete it by March. They have kind of bought up to about 70% of their obligation.
- Puneet Gulati** Is it isolated to Hindustan Zinc or are there more companies in similar boat?
- S. Venkatachalam** Aluminum companies are also there in that. I don't have the specific names because they only get it hear say because the REC really doesn't tell us where exactly the buyer coming from.
- Puneet Gulati** Lastly how are you thinking about growth in your portfolio from here on?
- S. Venkatachalam** If you really see in the last few years we were looking at consolidation, we were trying to clean up the overall books by first of all getting the grid levels back to what it should be like the Tamil Nadu where we have 310 MW out of our 425 MW. So that has happened in fact that has been a big positive for us and then we were also looking at refinancing all the loans so that we are at kind of decent levels of interest rates.
- Puneet Gulati** So it's broadly on the portfolio side, 425 MW you're going up?
- S. Venkatachalam** Yes, so coming to that now that we have done these things now we can definitely look at growth. If you really look at the bidding route, for me at least the next few sessions of bidding is going to give a low kind of tariff, in fact Rs. 2.43 etc. is definitely not workable. It doesn't even give single-digit IRRs I am really speaking of excel sheet, with that if you really put very high PLFs and all that stuff it still doesn't work out. Now having said that we are not really going through that route. We will

probably take two routes; one is go for Brownfield ventures where we can buy up assets which have got fair amount of tariffs. There are lot of assets in Tamil Nadu and various other states which are available and once we are able to finance and there are lot of people who are showing interest on those now. Since we see there is a turnaround in OGPL, there is a lot of renewed interest in that. Secondly, we can look at like we were looking at the reverse merger with IL&FS which didn't work out but there are various other options open because people are looking at listing opportunities as such.

**Moderator** We take the next question from the line of Vijay S from Trust Line. Please go ahead.

**Vijay S** Would like to know about with SREI preferential issue and what price percentage is being given and what price it's being given and what is the...?

**K. V. Kasturi** Just wanted to give you the perspective of that shares preferential allotment, so we have restructured SREI loan, around Rs.100 crore loan. Out of this Rs.100 crore loans, Rs.90 crore is in the form of a restructured loan and balance Rs.10 crore in the form of equity shares in OGPL, so this is a very simple structure we have done. And that is the reason for the preferential allotment of Rs.10 crore value of shares.

**S. Venkatachalam** Just to add to that we got a hair cut of about Rs.16 crore also, so that really added to the overall...I mean they were willing to look at the refinancing because they saw the assets were under strain. So they have taken the remaining balance Rs.90 crore for an eight year tenure plus the Rs.10 crore preferential allotment.

**K.V. Kasturi** This Rs.90 crore loan is at 12.75% interest, earlier they were charging al- inclusive around close to 17%-18% used to charge, now its come down to 12.75% and with the tenure around eight year tenure.

**Vijay S** What is the price at which you are giving the shares now?

**S. Venkatachalam** Basically average the SEBI regulated price. Around Rs.13 should be the number.

**S. Venkatachalam** If you look at the last two weeks average I think what is taken for the kind of transfer, so whatever the last two weeks ruling price that average is taken for probably it is around about Rs.13 is what it would come.

**Moderator** We take the next question from the line of Rajgopal Ramanathan, an individual investor. Please go ahead.

**Rajgopal Ramanathan** I have actually been invested in your company for the past 15 months or so in the capacity as a retail investor and I have around five or six questions. .

The first one is on the renewable energy certificates, now you have clearly highlighted that there is at this point of time is a dispute which is pending and the money is essentially the difference of Rs. 500 is currently being held in escrow. Now the question therefore is and you have also mentioned as a part of your accounting policy that you are recognizing revenues at Rs.1500, am I right?



**S. Venkatachalam** Yes right.

**Rajgopal Ramanathan** And obviously the receipt at your end would be Rs.1,000 at this point in time is, so De facto that actually creates an additional receivable of Rs. 500 per certificate for a reasonably long period of time, am I right?

**KV Kasturi** Yes correct.

**Rajgopal Ramanathan** Now that automatically increases your working capital requirement and in a way the associated funding as well. Instead of doing that why not just recognize revenues at Rs. 1000 and recognize the additional Rs.500 as and when it arises that's question number one. The second one is as far as your credit standing is concerned I observed that in the past you had defaulted to bank in respect of your loans and I believe couple of credit rating agencies continue to have your credit rating at D, has that changed so if I've missed anything please update me on that. Has that position changed and if not what needs to be done at your end to ensure that your credit rating reflects in appropriate status that's two. The third one is in fact that's actually linked to the funding part of it which is you indicated that promoter debt currently I think you are accruing a cost of around 10.5% on promoter debt. Is there any possibility that debt can get converted into equity at some point in time? If you have any salient features to the agreement there, some highlights would be appreciated. As far as your operating cash flow is concerned could you kindly indicate what has been the operating cash flows for the first nine months ended December 2017?

**S. Venkatachalam** I will just take the couple of questions on the REC part of it; REC if you really see historically for the last 2-3 years the trading has been very-very subdued. So basically, we were looking at whether we should recognize this income only when it comes but being government guaranteed a sovereign kind of, so we continued to carry it in our books as working capital. In fact, our working capital was to the extent of about Rs.75 to Rs.80 crore at any point in time because that was the level of REC trading. In fact, each trading session only about 4% to 5% trading overall. Now, the last two trading sessions which I said November and December saw 19% and 47% respectively. Now the issue comes about the Rs. 500 which has kept on escrow. Obviously, we have our arguments and as an association obviously we meant we went on appeal with the APTEL which will be further taken up by the Supreme Court. The Supreme Court gave only an interim order saying that the Rs. 500 will be kept in escrow till such time the full verdict is out. Now obviously they didn't want to take a full call on it because they were also not prepared with all the arguments on either side. The government's move was to because tariffs are following everywhere so REC also should be revisited. But our arguments are twofold, one is we invested in these projects and got the funding from banks and other institutions based on the Rs. 1.50 available from REC for those particular projects so you can't go back and now tell me that the REC will be now rework at a different level. Secondly other argument we have is, we are telling them you can have the REC at Rs. 1 but then you have a multiplier effect for the number of RECs. So in affect the utility or the person who has to fulfill the obligation will buy it at Rs. 1 but we will have to buy 1.5 RECs, I mean that is what is done as a normal practice. It's been done in the past also for solar. So these two arguments we believe strongly that basically they

cannot really revisit like revisiting PPA they cannot revisit RECs. It is kind of in a way to tantamount to bullying actually. Basically, we don't see any reason to write-back the Rs.500 and take it back into the accounts whenever it really accrues. We have checked out with our auditors also with whom we've debated this at length and we feel it is prudent to maintain this because we have been maintaining it for the last 2-3 years with little or no trading, at least now there is trading going on. We are confident of this particular case being won by us.

**K.V. Kasturi** Second question on the credit rating side; we operate at an individual SPV level. As Wind is concerned we operate in SPV level like Beta Wind Farm, Clarion and Gamma and all those things. As far as Beta is concerned currently we are on SMA-1 category.

**Rajgopal Ramanathan** But that's the bank rating, I'm talking about the credit rating.

**K.V. Kasturi** I'm just coming back to credit rating. As far as credit rating is concerned even if it's a Rs. 1 default or a one delay, it is the de-rated. That is the traditional rating of particularly on this credit rating aspect of it. Recently, we have done what is call the estimated loss rating recently introduced by all the credit agencies in consultation with the Finance Ministry, so we have done the rating that if the scale of EL6 to EL1. EL1 is the top, EL6 is the bottom. So this is exclusively for the infrastructure sector, they have introduced this rating. Based on that rating we are currently at EL3. But if you go strictly by the traditional rating we are currently at D, so we are on a SMA1 category. So what we are trying to improve is particularly as we mentioned that particularly we are today having a problem with Andhra Pradesh Discom. There we are stuck with almost around Rs.30 crore of money and my dues to bank is only around Rs.20- Rs.25 crore. We are pushing the Andhra Pradesh Discom to release the funds as early as possible and repay the loans on timely basis, bring the rating to a normal, the account will be standard and once the account will be standard definitely our rating will improve to an investable grade actually.

**S. Venkatachalam** One thing I wanted to add to that. Over the past 3-4 years if you really see grid back-down issuing Tamil Nadu, which is a significant issue for us that itself set us back by about Rs.250 crore to Rs.300 crore in terms of revenues and then the RECs stocks of about added to it and plus there was a Biomass also which was giving particular strain on the system. so overall just to keep us trying to at least servicing the banks in fact the group supported us to the extent of about Rs.600-Rs.700 crore. Rs.600 crore have moved away to the Biomass but group has been supporting that's why you find a group loan sitting in the books, if we have not been under the strain. So we were they generally maintain ourselves above water at SMA2 level which as Kasturi said that even a day's delay whether its SMA1, 0 or 2, it is still called as de-rating. We are coming out of all that.

**K. V. Kasturi** We are trying to improve that rating. But rating improves based on the consistently you repay the loan interest and principal on a due date basis, basically your rating will improve.

**Rajgopal Ramanathan** So do you expect to achieve that in the next one year or thereabouts?



- K.V. Kasturi** We are looking for that, maybe another couple of quarters we should be back in normal. In fact, another thing I just wanted to mention you, one is particularly on the Discom dues which is now coming from the Andhra Pradesh one, another is retention of money at CERC in the case of REC another around Rs.21 crore are struck. Rs.20 crore plus almost Rs.30 crore, Rs.50 crore money is stuck which is now anytime it can complete the whole process. Then once we receive this money definitely our account will be on a standard category, into our rating significantly. So maybe another two quarters down the line we should be able to improve our rating.
- Rajgopal Ramanathan** You didn't answer anything on the possibility of promoter debt getting converted to equity, is that likely?
- S. Venkatachalam** Basically right now there is a not thought on that as such. The promoter debt will continue to remain, so if there is any such thinking on the promoter part. As I said one is we were looking at a reverse merger because there are listed entities I mean being the listed entity there is lot of interest. So the promoter debt whether it is equity or not that will be addressed only at that time and probably only the promoter group will be able to answer that. Right now there is no thinking on that part.
- Rajgopal Ramanathan** But as the minority should I actually evaluate the debt as debt or should I possibly view that as equity?
- S. Venkatachalam** Right now it is classified as a debt.
- Rajgopal Ramanathan** But from an investor's standpoint if I assume that the promoter continues to support the Company and as you rightly said that you have also not been actually technically paying them any interest or cash-flow. Is it not tantamount to that debt having an equity characteristic?
- S. Venkatachalam** As far as banks are concerned we cannot pay the promoter debts before.
- Rajgopal Ramanathan** Before they are paid.
- K.V. Kasturi** That is a precondition for that. We cannot violate this condition only we approve the interest, only they pay the TDS that's all and we don't pay neither principled nor interest.
- Rajgopal Ramanathan** The corollary is do you require any further debt to get converted to equity to ensure that your capital structure is better?
- K.V. Kasturi** Not really.
- S. Venkatachalam** In fact, I think they're quite comfortable with the overall debt situation because its improved one is the Biomass has been divested if we see the debt service ability with the extended tenures and lower interest is far better than what it was even a few quarters back.

- Rajgopal Ramanathan** In 2019 just to understand leave aside the promoter debt, what is the expected principal repayment that company would need to make?
- K.V. Kasturi** Around close to Rs.100 crore actually.
- Rajgopal Ramanathan** And out of the total debt of Rs.1,300 crore odd, right?
- K.V. Kasturi** Around Rs.1,250 crore is the bank debt.
- Moderator** We take the next question from the line of Chinta Ramakrishna, an individual investor. Please go ahead.
- Chinta Ramakrishna** On the Biomass units, we heard that there are few more units that you're planning to sell the next couple of quarters. So could you give us some information, how many more units are there and how much revenue may get when we sell them?
- S. Venkatachalam** First of all the Biomass has already been divested to a subsidiary of our holdco. so basically it is out of the OGPL books to start with. Now having said that we had total of about 106 MW of Biomass of which one 10 MW is already in the last process of sale, in fact the particular investor has already been running the Biomass unit for the last couple of years and he is on the verge of tying up his bank loan so that he can take over that particular unit. Apart from that the other one which is there in the statements itself will be DY Patil 20 MW biomass unit which is in Kolhapur where the sugar karkhana itself the DY Patil Group itself is buying the biomass unit. They will take over the biomass unit, so for that we are in the final stages of actually we will be signing the PPA with the MSEDCL under the new name in the next couple of days, actually all the approvals are in place. So once that is done we will have to get the NOC from the bank and then transfer it to their banker and the sale of that unit also would be complete. The third and fourth units are one is in between Delhi-Jaipur highway that sale is also complete. In fact, we are just waiting for an NOC from the bank and we will be completing that sale as well. The fourth unit is in Tamil Nadu where we have sold the assets as such the land sale is just been finalized, so total of four units out of 12 are more or less you can say the sale process is complete. The remaining eight units, there are two in Rajasthan which in fact very profitable with the tariffs being Rs. 6.5 to Rs.7 kind of range and the mustard husk if you procure during the season which is starting now that is mid-February to mid-June I mean if you get the mustard husk for the entire year in that particular period you are actually going to have a big positive. Those two are very revenue-generating units as well. Then one in Narsingpur we are trying to finalize the sale which is in Madhya Pradesh, so we are trying to finalize the sale of that and that's also linked to a bank NOC but we are still just about to ink the document. In fact, as we speak we should be doing it by the middle of next week. So that will leave us with two units in Rajasthan, two in Tamil Nadu, there is one in Andhra also we have identified a buyer now, we are waiting for further moves from him as such. So basically, in effect we will be left with about 5-6 units, so about 40-50 MW is what we will be left with in residue. And definitely we will run one or two units in Tamil Nadu and two units in Rajasthan, we will continue to run them because they will definitely be able to sustain themselves in fact make good profits as well.

- Chinta Ramakrishna** One more unit we saw in yesterday's board meeting was Amrit Environmental Technologies.
- S. Venkatachalam** That's right. This is what the one I was talking to you about in the Delhi-Jaipur Highway, Amrit Environmental Technologies that's the one which we've got a buyer, basically there the land is more valuable than anything else. So we got a buyer and we're just waiting for an NOC from the bank. ILFS is the banker so once we get their NOC, we will go ahead with that sale process.
- Chinta Ramakrishna** I see our Company's vision is to achieve the 1,000 MW from current 472,MW so any timeline to achieve that to increase our capacity?
- S. Venkatachalam** As I said to the previous gentleman who was asking that question, initially we were looking at generally cleaning up the books in terms of, one is divestment of the Biomass ensuring that the Wind goes to a 95% grid availability level which was a big area of concern for us and then also refinancing the various debts that we had to lower interest rates and longer tenure, so having done these now we are rightly poised for a growth phase. But if you really see the kind of things that are going on and the tenders that are being bid currently the people are bidding Rs. 2.43 paisa, etc., for wind tariff which definitely is not workable by any stretch of imagination really. So we will definitely not look at that route, we will look at two routes for growth in fact one is the Brownfield ventures which I was mentioning, the other is the kind of the reverse merger with some entities who would be looking at Wind in fact now would be cleaned up book as such. There are lot of investors, the private equity investors, various pension funds so suddenly started showing interest in our portfolio and look at they are willing to support us for our expansion plans. So it's just a matter of couple of quarters and then we should be answered that question as to when we will be able to get to 1,000MW maybe in a couple of quarters. But today's tariffs bidding route will not be option for us.
- Moderator** We will take the next question from the line of Rajgopal Ramanathan, an individual investor. Please go ahead.
- Rajgopal Ramanathan** I have broadly understood your logic in converting the restructured borrowing into part equity conversion. What I actually wanted to understand when I theoretically look at your financial, there is still a relatively high a large interest component which is there. Now I do expect that you will probably be able to renegotiate terms with the lenders and possibly bring them down but aren't they insisting on the Company needing to raise equity? As an investor I don't mind you possibly going out and raising a little bit of equity right now whether it's a rights route or whatever but why not actually do it from a longer-term standpoint?
- S. Venkatachalam** Basically couple of things, one is refinance banks have already started talking to us, not the existing bankers but a lot of other banks have started talking to us and we are confident that we will be able to bring at least Rs.1,000 crore Beta Wind Farm loan to a reasonable level even as we said single-digit levels of interest-rate, so that will be giving about Rs.20- Rs.30 crore of savings in terms of interest. Now the equity portion basically we had been in talks with various equity partners, etc. I mean they

were waiting for two events now in the past whenever we met investors they used to tell us couple of things. First of all, we used to explain to them that the grid back-down which was about 40%, we used to keep telling them and assuring them that it is going to go down to 5% or below and nobody believed that and so they said when it happens we will talk to you. Second thing after you explain the grid back-down the Wind portfolio still looked somewhat okay to them but can you explain the Biomass portfolio, they would generally walk out. They would get nervous and then they will say we will see you later kind of approach but now with this thing definitely there is a lot of interest which is been renewed.

**K.V. Kasturi**

I just wanted to add that there is a history for why the more debt and equity. Normally at the project conceptually stage itself, we normally work on a debt of around 70%. And this business is a long-term business, it is not a short-term business. Obviously, the asset life is around 25 years and even our tenure of the loans, recently we have restructured loan at 17-year repayment. So obviously this is inherent in this particular business and bringing the equity, even somebody is bringing the equity also obviously he has to see the return what he is going to get at the end of the total tenure. So this needs lot of in terms of the future cash flows and all those things to be factored then accordingly at appropriate time whenever there is a need for that definitely we can revisit it. But currently we intend to stay with the current debt profile for some period of time.

**Rajgopal Ramanathan**

Would it mean that you are still not evaluating an equity infusion in the next 24 to 36 months?

**S. Venkatachalam**

Basically lot of interest is there. So we will see it when it comes I mean it will be very difficult to comment.

**Rajgopal Ramanathan**

I am not actually looking at this as a forward-looking guidance, I'm just trying to ascertain your thought process from a capital structure management perspective because the way I think about it and in fact I respect your asset allocation decision and saying that there is no point in going out and bidding for fresh capacities when the IRR just don't make sense. So I completely understand that. But my whole point is because there are not too many strong players in the Wind business at this point in time and probably for obvious reasons. Now if you would want to be a serious player in the segment automatically some amount of capital will actually help you to go out and possibly bid for those assets which probably give you those IRRs, right?

**S. Venkatachalam**

Yes correct. Basically, as I said there is a lot of interest and people are talking to us, both in terms of equity infusion and people are talking for like mergers and various things. There are various talks which are going on. We will see the best option that emerges because in the past it's only now that we have opened up because in the past whenever we talked to people it used to draw a blank because the performances were not really there. So this is the opportune moment as you rightly pointed out we will look at all these options.

**Moderator**

Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to the management for closing comments.

**S. Venkatachalam**

Thank you so much.. Now just to sum up, in fact our EBITDA overall has gone up from Rs.271 crore to about Rs.287 crore and the PBT from loss of Rs.52 crore to positive Rs.3 crore which has been the best ever nine months performance. And this has been aided by excellent grid availability that we have seen over the last few quarters of excess of 95% in some Tamil Nadu where we have 310 MW out of 425 MW portfolio and with good tariff. The second thing is the reduction in finance cost by about Rs.22 crore, the third thing is the in terms of the divestment of the Biomass business which takes out about Rs.330 crore loans out of the books plus the accumulated losses. And lastly the REC trading which has really got a renewed spirit and overall things are looking good and definitely we will look at future opportunities as some of our questioners have rightly pointed out we are definitely looking at them. Obviously, we have to have a growth path but as I said the tendering may not be the right way to grow because in fact many of the investors also tell us, you are not participating, you are not in those tenders, it's a right thing to do. With these few comments I would just like to wish you a Happy Republic Day as we can say and a great weekend ahead. Thank you.