



ORIENT GREEN POWER COMPANY LIMITED

1st June, 2017

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 Q4 & FY17 results

This is further to our intimation dated 20.05.2017, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Q4 & FY17 Financial performance of the Company on Wednesday, May 24, 2017 @ 11.30 AM IST.

The transcript of the conference call 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

Q4 FY 2017 Conference Call Transcript

May 24, 2017

Moderator

Ladies and Gentlemen, Good Day and Welcome to the Orient Green Power Company Limited Q4 FY 2017 Earning Conference Call. As a reminder all participants' lines will be in the listen only mode. And there will be an opportunity for you to ask questions at the end of today's presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you, sir!

Mayank Vaswani

Thank you Inba. Good morning, everyone. I welcome all of you to Orient Green Power Company Ltd.'s earnings call to discuss the performance for the quarter and year ended March 31, 2017.

We have with us today Mr. T. Shivaraman – Vice-Chairman and Mr. K V Kasturi – Chief Financial Officer. Mr. Venkatachalam our CEO and Managing Director is currently overseas and hence he could not be part of the call today.

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. Shivaraman for his comments. Thank you and over to you sir.

T. Shivaraman

Thank you Mayank. Good morning to all of you and thank you for joining our earnings call. We are happy to communicate with you, at the conclusion of FY17 which has been a fairly good year for Orient Green Power Ltd. We have been regularly sharing updates with all of you and with other stakeholders on various things that we have been doing in OGPL to turnaround the performance and improve shareholder value and it is good to see some of these initiatives starting to bear fruit.

You would be aware that most of the wind generation happens in the first half of the year so the second half is typically not as strong as the first half. The first half of the



last financial year was pretty strong thanks to improved grid availability in Tamil Nadu and as well as better grid management and better operational management by the company. So Q4 performance has continued the trend started in the beginning of this year and we ended Q4 with a total turnover of Rs. 461 crore and with an EBITDA of Rs. 293 crore both of which are at the highest level we have achieved in the last few years. Each quarter of FY17 has been better than the corresponding quarter of FY16 and we have seen consistent performance happening through the quarter most importantly we have seen consistent grid performance through even in Q4, with grid availability in excess of 90%, and this we believe will give us the stability to go forward in our business.

The biomass business performance has not been up to the mark we have not been really able to operate the plants to the required extent through the year, however we have made some fundamental changes in the way we are operating and we have started operating four plants on a continual basis in March, the numbers from that have been filtered through in to the numbers for the year but it is not material compared to the overall performance of the biomass business. However we have been able to, in this harvest season, procure about 70-80% of the annual requirement of biomass fuel for these four plants so we anticipate that with this assured feedstock we can raise the power generated and at least these 4 plants will operate at very high PLF levels through FY18 and the numbers should reflect that going forward.

I will quickly run through some of the key developments in the business.

Firstly, the wind season has been good last year, this year also the prediction is for a fairly good wind year on the back of fairly normal south-west monsoon. So we anticipate that wind generation this year will be as good if not better than the last year assuming the monsoon progresses as predicted by IMD. Biomass business also as said earlier we have taken some measures to ensure that its business is better than last year. Couple of strategic issues one, as we had informed shareholders and market that we have decided to sell our co-gen plant in Kolhapur. We had received greater approval and as well as shareholder approval to sell this to a fund called Sindicatum. The process is ongoing in terms of moving the assets from OGPL to OGPL Maharashtra and signing the agreement between Sindicatum and OGPL Maharashtra those are mostly done. However as we were on the verge of concluding the transaction with Sindicatum our host sugar mill which would be the Padmashri Dr. DY Patil Sahakari Sakhar Karkhana they had an option under our agreement they had the right of first refusal to acquire the assets so they exercised that right to buy the plant at the same price at which we had contracted to sell it to Sindicatum. Since they had the FRR and have gone ahead and signed the agreement to sell the asset to the host sugar mill and we signed MOU with them and are moving ahead with the transaction and we hope in the coming quarter we are able to complete the transaction. This will result in a substantial reduction in debt in OGPL because the debt associated with that unit will move to Sakhar Karkhana and the equity that we realize beyond the debt will go and it would improve operations in other biomass units and reducing some debts from some other units.

The other significant development in this fiscal has been improvement in the trading of REC. We have had fairly robust trading in FY17 so we have sold a total about Rs. 38 crores worth of REC's in FY17 out of which Rs. 23 crores were sold in Q4 which eventually means that we have been able to generate in the whole last year of worth about Rs. 41 crores REC's, we have sold Rs. 38 crores so almost all REC's we have generated we have sold, we still have an inventory of about Rs.77 crores of



REC's that we have generated in the previous years. The one issue with REC's is that CERC have indicated a lower price range for REC for both solar and non-solar. The Non-solar RECs which were to be trading at Rs. 1.5-3.5 per unit is now as per CERC to be traded at Rs.1-2.9 rupee range. We believe that this is not a fair solution because we believe that this actually benefits the entities which were supposed to buy REC but have defaulted on the obligation. Therefore we and many associations of which we are part have gone to Supreme Court to appeal this decision by the CERC. The Supreme Court has been pleased to stay the implementation of decision of CERC and it is in fact going to review it. We are hopeful that the review would give us positive result specifically for the historic plants. So eventually what we are asking for is that the existing assets be grandfathered in the old REC structure and any change in REC price be applicable only prospectively for our new assets and that is a fair argument we are making and we have a reasonable chance of prevailing in due course.

The third and most critical strategy action which we have taken that talks about the proposal to merge our wind business with IL&FS wind business, As we have informed we had filed the MOU with them or exclusivity on 19th January, 2017 to look at the possibility on the merger of two wind assets of both OGPL and IL&FS. We have subsequently extended our MOU or exclusivity we are currently in the due diligence phase on both sides. I think our diligence phase is quite advanced and we are reasonably confident that this merger will go ahead. However all these things are subject to finalization of diligence and finer industrial practices as and when something concrete happens we would be keeping the market informed. IL&FS have total of 775 MW operating wind capacity and we have total of 425 MW operating wind capacity and altogether we would be at 1,200 MW operating wind capacity the other advantage that we feel with the merger with IL&FS is that with the merger we would become a Pan India player in wind business because our capacity is concentrated in Tamil Nadu with some capacity in Andhra Pradesh and Gujarat whereas IL&FS has strong presence in other states including Maharashtra, Rajasthan, Madhya Pradesh and Karnataka there is into some small quantities of assets in Tamil Nadu and Andhra Pradesh. So I think together we would have Pan India presence we would be much more diversified both in terms of location of turbines, type of turbine as well as in PPA because we would have group captive structure that we use in Tamil Nadu we would have open access that IL&FS uses in certain areas as well as we would have long term PPA that both of us have. So I think both in terms of diversity in location, customer and business model we would have a very good mix. So we are hopeful that the combined entity would generate a lot of operational synergies as well as much better performance to both of us but this would obviously happen post diligence and post devaluation by both our Boards on the proposal.

The other question on the biomass business we had with the proposal to demerge the biomass business which was with the High Court for decision, we had some delays in getting NOC's from one of our lenders subsequent to which by the time the whole matter has moved from the High Court to the NCLT so the process has to get concluded in the NCLT. We have cautiously taken the decision to not aggressively pursue this demerger proposal of biomass until we have decision on IL&FS merger because we cannot have two proposal ongoing with NCLT at the same time. So once we have our final decision on the IL&FS merger we would take a call whether to proceed with the Biomass merger on the standalone basis or resubmit and revise to see which would be a combine combination of merger with IL&FS and demerger of Biomass in any case Biomass units have been demerged from OGPL the only question is whether it is being demerged as a standalone decision by the NCLT or as a combined action along with the merger with the



IL&FS, These are the things that calls would be taken once the IL&FS decision is taken. So that's from the overall strategy point of view, we do see good traction happening for OGPL going forward I think as we undertake restructuring of debt, restructuring that we have done for beta which Kasturi will brief you about has given us tremendous flexibility or tremendous relief on cash flow and we believe going forward we would be able to achieve reduction on interest cost and get better numbers for OGPL now I would hand over to our CFO – Mr. Kasturi who will take us through the numbers and then will take up questions.

K. V. Kasturi

Thank you Mr. Shivaraman. Good morning everyone and thank you for taking the time to join our Q4 & FY17 earnings call. Let me quickly run through our key financial highlights for the quarter and the year, following which we can take questions.

FY17 has been a milestone year for the Company – a year in which efforts of last few years to revive business performance have started paying dividends. While it is too early to comment on the sustainability of the revival we are encouraged by the initial trend and are hopeful that our strategic initiatives coupled with improving macro environment should result in delivering steady performance.

With that let me start highlighting our financial performance for the year. FY17 was best ever year for the Company in terms of revenues and profitability. Revenues for the year stood at Rs. 461 crores as against Rs. 410 crores reported during FY16, higher by 13%. Revenue expansion was primarily on account of solid performance of wind business which delivered 25% growth in revenues owing to higher wind generation & improved grid connectivity. Revenues from Biomass are not comparable as we have reduced the biomass asset base following sale of the Rajasthan unit.

EBITDA for the year stood at Rs.293 crores as against Rs. 214 crores. Operating margins for the year stood at 64% as against 52%, higher by 1300 points. The EBITDA performance was driven by the wind business which delivered 35% growth in EBITDA to Rs. 292 crores from Rs. 216 crores last year as we have seen the benefits of a good wind season and consistent grid availability. The resolution of the grid back-down issue resulted in greater evacuation of power translating into the higher revenues. Further, operating leverage benefits are coming through as fixed costs get distributed over higher number of units.

In the Biomass business, we did not have some plants operating throughout the year. However, strategic initiatives and a focus on cost curtailment have helped us to turnaround the performance of the biomass vertical which broke even with EBITDA of Rs. 1.2 crore compared to negative Rs. 2.34 crores last year.

Depreciation expense for the year stood at Rs. 169 crores as against Rs. 206 crores last year.

Moving towards finance cost this is one area wherein we have made serious efforts in recent times to help lower the interest outgo. The benefits of operating leverage have been accruing to the company and we are now focused on improving the financial position so that the benefits flow to stakeholders. Accordingly, we have been in constant dialogue with our key lenders to refinance or restructure part of the debt. We have already shared with all of you that through our persistent efforts we have been successful in restructuring loan amounting to Rs.765 crores under the 5/25 scheme. The loan tenure has been extended by 17 years resulting in reduction



of instalment payable by the Company easing the pressure on cash flow and enhancing liquidity. We are working on similar arrangements for other components of the debt.

Further, in addition to restructuring loans, we are also focused on monetizing stake in unviable biomass units. The proceeds from sale of biomass plants would be partly deployed towards debt reduction and also to enhance our working capital position for operational plants. We have already sold the Rajasthan unit and the transaction for the Kolhapur plant is in an advanced stage and will be concluded shortly.

We will now intensify efforts to refinance existing debt as also benefit from downward trending interest rate regime. The combination of these initiatives will significantly reduce finance cost and transform the performance.

Loss after tax for the year stood at Rs. 97 crores as against Loss after tax of Rs. 341 crores last year.

We are confident of improving the performance further and achieving PAT breakeven in FY18 on the back of the improved outlook for the wind business. Further, as Mr. Shivaraman just mentioned, we have secured a substantial amount of the annual fuel requirement for our biomass plants. We will now be able to operate these at high PLFs which will deliver an improved performance and enhance the viability of the Biomass business. The biomass business which has delivered EBITDA breakeven this year is now in a position to deliver positive PAT in FY18.

Lastly, our outlook for growth is also intact as we will enhance our wind capacity in the next wind season with the addition of 43.5 MW at Andhra Pradesh. As this project is extension of an existing wind site we will leverage the existing infrastructure which will help us to operationalize the project more rapidly. Further, the debt for the project extension will have a longer tenure and more competitive interest rates

To conclude, we remain positive on the business and believe that we are on the cusp of a sharply improved performance trajectory. Our strategic initiatives will help address the legacy issue impacting the business while improving macros will also result in creating an environment conducive for growth. Cash flows and liquidity profile of the Company is also likely to improve on the back of the above mentioned factors.

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

Moderator

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Deepak Agarwal from Elara Capital. Please go ahead.

Deepak Agarwal

Sir, my first question is now we have seen significant changes now in the wind sector in the last three months and obviously, we see that there is complete transition that is happening from FIT to the bidding regime. So, how do you see this kind of development in the light of tariff discovery that has happened? And secondly, the impact of this on some of the projects which are under construction by IL&FS wind because if you are going ahead with the merger there is some



portion of the projects which I assume they had not led FIT tied-up. So, what is the status of that?

T. Shivaraman

See, as far as the new tariffs as far as our OGPL's existing business is concerned whatever FITs we have are protected. We do not have anything under construction except of 43.5 megawatt in Andhra Pradesh where the new FIT has come in which is also decent. So, I think we are fairly good to go there. As far as IL&FS is concerned the 775 megawatts the assets that are being considered for merging with OGPL are almost all fully operational assets with PPAs. So, there is hardly any under construction asset there we will be talking just a few megawatts here and there just kind of just almost completed or nearing commissioning. So, we do not see any impact or any issue with the merger with regard to the bidding process. IL&FS does have assets which are under development but those are not part of the merger.

Deepak Agarwal

Okay. And how do you see the development from the industry perspectives since you yourself are an IPP.

T. Shivaraman

Personally, I believe that there will be a kind of a pause for about a year or so until the tide rebalances we are definitely seeing most of the states backing off from FIT and going for bidding and I think that will become more prevalent and we believe that the bids will settle at numbers that make economic sense. We will, as OGPL and possibly as IL&FS together take a call, but we will probably participate in these auctions but I think we will be disciplined in the projects that we bid and if it does not make economic sense we will not obviously build new capacity. So, I think the capacity book will roll out will depend on where the tariffs settle and how things move forward. For example, we have not forayed into solar, we have not got into solar either us nor our potential partner because we believe that the tariffs that prevail currently in solar are not viable.

Deepak Agarwal

So, that does not mean that going forward after once this IL&FS comes into fold FY 2019 - FY 2020 onwards you will wait and evaluate the auction .

T. Shivaraman

We will see there are multiple opportunities and option that will come we will look forward I mean will come to the merged entities, there are two ways of growing, one option is to grow by building new capacity which we obviously will try to do wherever it is viable. There are also the possibility of acquiring secondary assets, asset that have been built by others which are available and if we as a large entity with better access to the markets both in terms of debt and equity I think we will be well positioned to look at acquisition also. So, growth need not necessarily depend only on building new capacity. There are also secondary opportunities that would emerge. But I think, it is a little early to kind of prejudge this I think we need to see the next set of wind auctions. Typically, in India the first action for everything is most aggressive where people go overboard. So, I think we will have to see in the next two or three bids for wind tariffs and other segment before we see where things will settle. I think all of us are rational players I do not think anybody is bidding any crazy numbers.

Deepak Agarwal

So, do you think the MNRE target of 6,000 is doable in this year in terms of auction?

T. Shivaraman

I doubt, I have my doubts on this.



Deepak Agarwal

Okay. My third question is if you see the wind performance what you did in FY 2017 and on a standalone basis leaving aside IL&FS, so do you see a path to profitability in the wind business in couple of years timeframe?

T. Shivaraman

Definitely. Because see two or three things are happening. See, even whatever performance that you have seen is on the back of we are kind of celebrating the grid availability in Tamil Nadu but that celebrated grid availability still only in the 92% - 91% - 92% - 93% range and not like Andhra Pradesh where we have close to 100% grid availability, in Gujarat we have 100% grid availability. So, there is still another 7% - 8% upside potential in grid availability itself which has to factor in. And secondly frankly there are certain operational investments that we need to make in operational efficiency improvement in terms of reliability and uptime of some of our older assets which we have been reluctant to make in the past because of the poor grid position. So, the argument of do you really need to make that investment and is going to repay and also cash flows is a challenge. Now, that the grid problem is solved but you are starting to close investments and we see a potential to improve the physical performance of the assets also going forward. So, on both those fronts we see potential upsides. Secondly, we are also looking at reduction in interest rates because we have started to become, thanks to the better performance more regular in our payment of interest and repayment to the bankers. So, we see a substantial potential for reduction of interest rates across the wind portfolio either by a refinancing or by renegotiating with the banks now that we are current. This we have essentially put on hold for the last two months - three months because we have been busy with IL&FS. We have not really gone and looked at refinance of the wind debt because there is only so much that the team can do at one point. But once the due diligence and stuff like that is over that is our next phase of action to substantially reduced the interest rates that we pay on wind assets. And I think the combination of better performance and lower rates, we should be in a very comfortable position when it comes to the wind business there is still upside.

K. V. Kasturi

Just add to that Mr. Shivaraman, in fact what we are looking at is in the Q2 onwards we will go a bit aggressive particularly on the interest rate reduction in terms of the push. See, what is happening, first step we have done on 5/25 is the entire almost Rs. 750 crore of loan portfolio have now come to 5/25. So, once we are regular in payment of both interest and principal particularly we can ask the consortium banks to reduce interest rates which they have indicated, in fact in the month of probably the second quarter where can push the bank to reduce the interest rates. At least currently we are paying around 13% interest rates, at least 100 basis points or may be 200 basis points to bring it down which will have a substantially impact on the bottom-line itself. And there are also other loan portfolios pertaining to the other old wind assets where there is larger scope for reduction of interest rates. So, we are definitely going on a full throttle to improve the performance especially on interest cost reduction that is very much on the agenda.

Deepak Agarwal

We expect it to come down to around sub-Rs. 200 crores level?

K. V. Kasturi

At least. See in the case of Beta Wind Farm every 1% reduction will reduce almost around Rs. 8 crores, that means even if I am able to reduce by 200 basis points Rs. 16 crores other wind portfolio assets are close to around Rs. 250 crores so where even if I am able to reduce it by 2% - 3% at least another Rs. 10 crores we can. So, around Rs. 25 crores - Rs. 30 crores we can target to reduce it. So, that kind of a number we can do better.



Deepak Agarwal Okay. And my last question is just small thing on this time line for this IL&FS what are you looking at because now that you have kept on hold the NCLT proposal, so what can we expect in terms of timelines for this?

T. Shivaraman See, I think once both the Boards take a decision and to go ahead what we are advised is that the NCLT process itself would take something of the order of six months. And frankly this is still new and still we have to go to two NCLTs both Chennai and Bombay since we have headquarters in two different places, So we are looking at six months to seven months for the NCLT process itself. Within that timeline we will have to get approved from the Competition Commission, the Stock Exchange all those things, banks, all those things will be kind of in parallel. So, I think we are looking at some time towards the end of this calendar year or sometime in Q4 for the actual merger to get completed if we decide to go ahead.

Moderator Thank you. Our next question is from the line of Devang Modi from Equirus Securities. Please go ahead.

Devang Modi Sir, to begin with what is the total gross debt currently and how would it be split between the wind and biomass business?

K. V. Kasturi Okay. The total debt right now is around Rs. 2,100 crores out of which around close to Rs. 1,800 crores is the wind debt which includes group debt also around Rs. 300 crores is the biomass debt actually.

Devang Modi The entire group debt on the wind side?

K. V. Kasturi Group debt in the wind side is around Rs. 430 crores and on the biomass side it is Rs. 150 crores. The total put together group debt is around Rs. 580 crores.

Devang Modi And what is the cost of the external debt and the group debt?

K. V. Kasturi Yes, on the external debt, each unit SPVs have got different rates. The significant SPV is called Beta Wind Farm currently at 13% and there are other SPVs which range between around 15% to 16% rate and group debt is around 10.5% rate.

Devang Modi So, we can roughly say that the average cost will be somewhere between 13% to 14% for both wind and biomass and group obviously is at only 10.5%.

K. V. Kasturi Yes.

Devang Modi Okay. And sir, how is the current net worth of around Rs. 600 crores split between wind and biomass.

K. V. Kasturi See, basically we have seen that, one is on the actual deployment of assets and end utilization, we have identified those things. Wind is around Rs. 430 crores.

Devang Modi Okay. And the residual will be biomass. And sir, in biomass what are the on ground changes we have done because as such what is happening is that if you look at on a year-on-year basis the specific fuel consumption has come down which is the very big important change.

T. Shivaraman Because biomass year-on-year the numbers are not really comparable because the plants that ran last year are not necessarily the plants that ran this year. So, it is very difficult to make a year-on-year comparison on biomass. You have to actually go on a unit by unit basis because each plant had its kind of issues and frankly during the bulk of last year our focus was on wind and on kind of managing the wind situation rather than investing money in biomass. So, essentially biomass we were only running the plants which were obviously profitable and things like D. Y. Patil where fuel supply was not a challenge. So, I think going forward we will have to look at biomass separately. Four plants which we have identified and possibly a fifth which is a possible winner, these five plants where we will be focusing our assets. The sixth plan which is in our Kolhapur which we have sold, so which we will leave basically three plants currently which we have essentially decided not to operate for this year until the situation changes. But what we believe is that these four to five plants will generate substantially better value, if we focus our efforts on operating these rather than trying to distribute our efforts on trying to operate all eight plants. So, that is the kind of strategy going on for biomass. And actually, you will see meaningful numbers in Q1.

Devang Modi And on these three unviable plants which you mentioned what will be the debt on those plants?

K. V. Kasturi It is about Rs. 50 crores.

Devang Modi Total debt on those three plants is around Rs. 50 crores?

T. Shivaraman Yes.

Devang Modi Okay. And this various receipts and value unlocking which are going on, so the Rs. 80 crores from D. Y. Patil should be received by when?

K. V. Kasturi It should happen in the Q2 because a lot of agreements and all the process is currently on. So, we expect to complete the transaction in the Q2.

Devang Modi This is the total enterprise value you will be getting, right for this 20 megawatt plant?

K. V. Kasturi Yes, Rs. 81 crores is the identified value.

Devang Modi Okay. And any progress on the Croatia assets?

K. V. Kasturi No, we are not selling it.

T. Shivaraman No, I think Croatia is taking care of itself it is generating enough cash flow to pay the debt and have some surplus left over. So, we are not actively pursuing sale of Croatia at this point. There are some people who are talking to us but we are kind of letting it kind of move and so on. The effort required to sell because our effective stake in that is only 5.1 megawatts although it is a 10 megawatt asset, we own only 51% of it. So, the effort required to monetize 5.1 megawatts is not worth it.

Devang Modi Sorry, sir I did not get that you are saying that 5.1 megawatts of the Croatia assets you are looking to sell I did not understand that part.

T. Shivaraman The total Croatia asset is 10 megawatts we own 51% of it. So, effectively our holding there is 5.1 megawatts. So, it is taking care of itself, it is not affecting us and it is not taking management bandwidth. And I think the market there is still kind of in a state of flux. So, we have let it float for the time being. There are some kind of enquiries on that and if something fructifies we will sell it but we are not aggressively looking to sell it.

Devang Modi By when are we expecting the wind REC the REC inventory sort of to be liquidated or gradually getting sold on the exchanges. By when do we expect that to happen?

T. Shivaraman Good question, I do not know the answer to that one.

Devang Modi There has been a lot of policy encouragement and under UDAY also there have been pushing this thing, so see any momentum building up or any changes?

T. Shivaraman See, momentum was definitely building up quite substantially in this last fiscal but it has been kind of stopped by the CERC announcement of changing of the REC rate, so that has kind of broken the momentum. So, right now REC trading is suspended because the Supreme Court has kind of put a halt to it. So, my sense is that once the Supreme Court decides one way or the other the momentum will pick-up again because definitely there is policy pressure and there is pressure on the utilities to comply and we are also anecdotally hearing from private sector consumers also that they are under pressure to comply. So, I think once the Supreme Court thing is cleared out this year and next year we should see substantially trading in RECs but we will have to see how long this Court thing will take.

Devang Modi Sir, what will be the approximate value of the unviable biomass plant which we are looking to sell?

K. V. Kasturi It is about four plants totaling to about 30 megawatts. So, as I said, debt of about Rs. 50 crores on that.

Devang Modi So, around Rs. 50 crores and you would be looking for some equity value?

T. Shivaraman We will see, what we get. It depends on the plant.

Devang Modi And sir, finally this 40 megawatts expansion in Andhra Pradesh, what is the current stage? When we said that it is coming through for the wind season for FY 2018 is it already operational or what is the current status?

T. Shivaraman No, it will probably come only to the tail-end of the wind season of FY 2018 because the new tariff has been announced but then unfortunately, again that has gone into an appeal. So, we expect final clarity on the tariff may be in the next few weeks. And only after we get the final clarity and sign the PPA do we really go out and complete the project. We already invested quite a bit of money in that project but we don't want to continue the investment and complete and then hang around waiting for tariff. So, our target there is to see when can we sign the PPA first and then complete the project.

Devang Modi So, on ground currently the works are on over there?

T. Shivaraman Yes, on ground all the infrastructure work is done, the enabling works are all done. Quite a few pieces of equipment has been ordered. Our supplies have stock up, the equipment we have now currently put it on hold until the tariff is clarified.

Devang Modi And contractor would be like Shriram Leitwind here?

T. Shivaraman In this case Leitwind Shriram because in the Phase-1 it was Leitwind Shriram and which was performing beautifully. So, there is an extension to that.

Moderator Thank you. Our next question is from the line of Sudhakar Prabhu from Span Capital. Please go ahead.

Sudhakar Prabhu Sir, last year I think the wind season was very good and PLF were up in 20% range. How do you see the wind season in the current year?

T. Shivaraman See, last year's wind season was not actually good as a wind per se. So, wind was only average. In fact, I think FY 2014 and FY 2015 were much-much better wind year from a pure wind availability perspective. So, last year looked very good because the grid was much better. The wind is a little more difficult to predict than the monsoon but it is closely correlated with the monsoon. So, assuming that the IMD is right in the monsoon is going to be broadly in the normal range then we would anticipate wind season in the normal range but it is going to be above normal or below normal that is not correlated if it is very much if the monsoon fails for example then the wind is typically very much below normal. But as long as the monsoon is good there is going to be a better wind year than normal or slightly worst wind year than normal we will not know. But initial indications are fairly decent first rains do not necessarily follow through but whatever we can see till now it looks good.

K. V. Kasturi Just to add to that in fact the from April and May first fortnight the start has been fairly positive compared to last year same period because the 45 days' period we have been almost daily monitoring it definitely it is showing some sort of positive signal so far.

T. Shivaraman But it is weather we cannot predict it.

K. V. Kasturi We cannot predict.

T. Shivaraman So, far it looks good.

Sudhakar Prabhu Right, okay. That is very encouraging. So, how do you see the PLF in the current year considering the fact that wind season will be better or at least better than the last year and even the grid availability is close to 90% to 100%?

T. Shivaraman I think the overall PLF we had for Beta was about 23.1% last year and on old assets and the other smaller entities we had 15% last year. Europe was at 25.1%. I think given a normal monsoon this year PLF assuming that the grid is a little better may be a percent or two points better is what we are budgeting for.

Sudhakar Prabhu Okay. And my second question is on the realization, we are seeing a slight dip in the realization of the current year. How do you see the realization in FY 2018?

- T. Shivaraman** I think FY 2018 should be okay, in this current year what happened was frankly we had more generation than we budgeted for or that we have contracted for with the customers because our contract with the customer is something that we do not want to supply less. So we had contracted based on generation of last year which was pretty bad. So, during the course of season we found that we had in the surplus energy and we were forced to sell some power at lower tariffs in order to essentially clear inventory. So, this year I think we are looking for a slightly better average tariff than we achieved last year but again these are subject to demand-supply issues because Tamil Nadu is a kind of an open access market almost. Taking up from this and looking slightly longer term the last three to four years the growth in Industrial demand in Tamil Nadu has been pathetic. Also the growth in industrial demand across the country has not been particularly great. What we are seeing is some slight signs of improvement and also we are seeing especially with other more states looking at supply 24/7 power or at least 18/5 power into their smaller towns centers we are seeing an impact on overall power demand which could result in a slight hardening of power rates across the board which will definitely be strong and positive for us. Because now Tamil Nadu is no longer an island we are integrated with the National Grid, so whatever happens in the National Grid and in the Northern Grid also to at least a diluted extent but it does have an impact in Tamil Nadu. For example, I think I do not have the exact numbers but post the U. P. election when U. P. started buying significantly more power to supply more power to Tier-II, Tier-III cities there was I think a substantial jump in the tariff in the exchanges. So, as more states start honoring their mandate to supply power to the public, we will see some improvement in tariffs across the country especially as new thermal capacity is not really coming up.
- Sudhakar Prabhu** Right. And my third question is on the biomass business. In FY 2017, you had almost 65 megawatt of capacity operational and you said we have already started working on three or four plants, so what kind of operational capacity should we see in FY 2018?
- T. Shivaraman** No, 65 megawatts was not fully operational last year. It has run for some parts of year or some months so it is not that 65 megawatts is operating 12 months in the year.
- Sudhakar Prabhu** You will main the same level of 65 megawatts or 70 megawatts.
- T. Shivaraman** Yes, the operational capacity will be the same 65 megawatts - 70 megawatts but the PLFs this year will be much higher.
- K V Kasturi** We have done a deal there are two plants - three plants in the North where we have almost the entire requirement for the plants are now being contracted for the supply of fuel. So, obviously, we are expecting that those two - three plants will run at around 75% to 80% PLF level. Definitely it is going to be a significant improvement in their performance.
- T. Shivaraman** So, basically last year and the year before essentially what was happening is that any free cash flow was going towards servicing wind debts because the back down in wind and the poor performance of wind. So, now this year two things happened – one is the performance of wind improved and we did a restructuring we found a little surplus cash flow, wind was not sucking in cash and that allowed us towards the end of FY 2017 to pump in the necessary working capital for the biomass to basically the Rajasthan plants require the entire year's biomass supply to be contracted at the beginning of the year. In February, March is the harvest season

for mustard and we need to buy almost all the fuel for the biomass in that period. So, in this year we were finally able to pump in the necessary money into kind of acquiring feed stock security for the year. So, that essentially takes care of two plants for the whole year and other plants then we have the cash flows to keep them operating because I think within wind and biomass we have been whatever cash flow is available was focused on wind. Now that wind is taking care of itself, we have the bandwidth to look at biomass. Any of the demerger happens there will be different cash flows streams but we see sustainable numbers for biomass also going forward.

Sudhakar Prabhu So, then is it safe to assume that on both individual level wind and biomass will be profitable next year?

T. Shivaraman We will have to look at it because I think from an external debt and external profitability point of view we will be comfortable. We may have to look at the group debt to see what the servicing of the group debt may be a bit of a challenge so that something is that we are working on.

Sudhakar Prabhu Right. And my last question is again on this IL&FS deal, initially you had exclusive arrangement for 90 days and again it got extended for 90 days. So, why has the deal got delayed? I mean is there any specific reason?

T. Shivaraman We knew that we could not do it in 90 days that the diligence could not get completed in 90 days of the two entities especially with the Japanese investors in IL&FS they are very particular about diligence. The purpose of the first 90 days exclusivity was to see that whether there is any kind of fatal flaws, and we found none. The diligence to a great extent is over so I think we should be able to conclude it in a reasonable period of time. Two sets of lawyers, auditors everybody looking at it. We had to do a technical due diligence on them, they had to do a technical due diligence on us. We have a very wide range of machines so they took quite some time to do the technical diligence to kind of understand our structure. So, I think 90 days was optimistic but we did not want to go into an exclusivity in the first phase because we wanted to make sure that we have kind of the deal still make sense after we look at their figures and they look at our figures. So, right now we are on track.

Sudhakar Prabhu And sir, is it possible for you to share what is IL&FS numbers in terms of revenue, EBITDA and debt?

T. Shivaraman Unfortunately not, they are a private company I cannot share that with you.

Sudhakar Prabhu Okay. And lastly, how confident are you of this deal going through?

T. Shivaraman Nothing happens until it happens. We obviously need to have the final discussion on valuations and numbers post the diligence so that has still not happened. So, I cannot give you a percentage number. From a logic point of view and from a synergy point of view it make sense, we will have to see the final metrics.

Moderator Thank you. As there are no further questions from the participants, I now hand the conference back to the management for closing comments.

T. Shivaraman Thank you all for joining us on this Conference Call. We look forward to your support going forward. I think, we will have another call obviously at the end of Q1



and if something happens on IL&FS or something in between we will definitely schedule interim call. So, thank you all, thank you Mayank for organizing it. And look forward to see in coming quarter.

K. V. Kasturi

Thank you. Thank you all.

Moderator

Thank you members of the management. Ladies and gentlemen on behalf of Orient Green Power Company Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.