ORIENT GREEN POWER COMPANY LIMITED

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Q2 & H1 FY19 Conference Call
November 2, 2018

Moderator Ladies and gentlemen, good day and welcome to the Orient Green Power Company Limited's Q2 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 Limited's Earnings conference call to discuss the performance for the quarter and half year ended September 30, 2018.

We have with us today Mr. S. Venkatachalam – CEO & 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 emailed to all of you earlier and these have also been posted on our corporate website.

I would now like to hand the floor over 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. I will focus my discussion talking about the key operating developments during the quarter following which Kasturi will take you through our financial performance in detail.

Starting with the headline numbers – I would just like to state that one needs to take into account the fact that we have had a late start to the wind season this year which resulted in lower revenue and unit generation for the period under review. As you may recall, we had an overall shortfall of 50 mm units of power generation in Q1, due to the late start of the wind season by about 15 days. The wind season started in end-May as against the usual mid-May, which affected the revenues and EBITDA for the first half. However during Q2, we significantly made up for the loss by about 37 Mn unit leading to a shortfall of only about 13 mn units. The overall Turnover for H1 stood at Rs 249 Cr as against Rs 296 Cr in the first half of the previous year. In addition, one also needs to consider the fact that the base period had an exceptional income of ~Rs. 16 crore and RECs were accounted at Rs. 1,500 per certificate, which is not the case at present. We are now accounting it at Rs. 1,000 per certificate as per the Supreme Court order. The difference in RECs certificate accounts for around Rs, 9 crore. When one takes the above factors into account one can infer that we have performed reasonably well.

With that out of the way let me now focus on the positive developments on the macro and micro (Company specific) level.

Power demand across the country continues to rise steadily with both residential and industrial demand reflecting the continuing rise in level of activity and consumption. Challenges in operating thermal capacity to its optimum level resulted in mismatches during peak hours and there has been an increase in load shedding and rationing of power. At the same time diesel prices have risen sharply so the cost of generation has also increased disproportionately.

In this backdrop renewable energy continued to become more relevant each day offering a sustainable solution with improvement in technology also elevating reliability and stability in power generation. In fact, the Power minister is talking about the growth mainly coming from the Renewable energy and the growth projections within the power ministry is of about 8% Y-o-Y for the next few years. The mismatch in demand and supply is best reflected in spot rates of merchant power. The inflationary environment has shaken up the general assumption of a linear and sustained decline in power tariffs across the country. There has been wake up of another kind – Regulators & Banks have woken up to the unsustainable bids in the Renewable energy space and the era of quoting abysmally low bids seems to be now nearing an end. There have been few instances of withdrawal by winning bidders citing inability to sustain projects at the economics of the winning bid. We are also hearing instances of banks refusing to extend credit terms to projects where they are not entirely convinced of viability. This renewed emphasis on discipline and responsible lending will strengthen the sector economics and benefit the serious long term players.

The biggest positive development from the industry perspective has been the sharp improvement in grid availability. The transformation has been really remarkable. I say remarkable, largely in context of the time frame in which we have been able to achieve this transformation. Recurring grid back-down, as many of you may recollect was the primary reason attributed by most of the industry participants for the softness in their performance. However, things have now changed for the better wherein grid availability in excess of 90% has become the norm. The improvement is largely owing to the efforts undertaken by the association & TANGEDCO.

The second positive development from an industry perspective has been the revival witnessed in the REC market. Similar to the grid back down situation, the buoyancy observed in REC market in recent times has been nothing short of a miracle. Primary reason for the revival has been the change in the approach of the regulatory agencies –stricter enforcement of norms. Buyers are no longer allowed to escape meeting their mandatory quota without penalties – which has resulted in a strong pick up in trading volumes on the exchanges. Such has been the reversal that we have been able to liquidate our entire inventory during the quarter. In fact this is the third consecutive quarter wherein we have been able to do that. In addition, it has also resulted in certificates getting traded above their floor price, a heartening phenomenon indeed. Revenues under the REC mechanism amounted to Rs. 9.5 crore for the quarter and Rs. 13.9 crore during the first half.

Over the last two quarters, REC trading has been 100% and, in fact trading at Rs 100-200 above the floor price of Rs 1,000. We have sold 1.27 lakh certificates at an average price of Rs 1,100. The last two trading sessions in September and October and November were over Rs 1,200. This has been a very positive development for the company and the industry as a whole. In fact, if you recall, the REC mechanism was meant to be a trading mechanism with a floor and a cap.

Now let me move on to the micro – Company specific initiatives which we have undertaken in recent times. Firstly, we have right sized our business by selling off the loss making biomass business. We are now a pure play Wind energy generating company, focused on strengthening our leadership position in the renewable energy space. With the divestment of our biomass business, OGPL has become a pure wind company and the prospects look a lot brighter. With a 425 MW portfolio, our major area of concern was the grid availability in TN where about 310 MW of our wind assets are located. Over the years, with lots of efforts from the association and TN utility, we have been able to get around 95 % grid availability over the last two years leading to an improved performance. The grid availabilities in A.P. where we have capacity of 75 MW and Gujarat where we operate 29 MW have always been good.

Secondly we have made progress in addressing our debt obligations. Higher interest outgo owing to stretched balance sheet would result in the business reporting losses at the PAT level despite performing consistently at the EBITDA level. We have been successful in refinancing part of our high cost debt and Kasturi will talk about this in detail but I would just like to point out that we have successfully re-financed some of our debts in the old wind assets with lower interest rates and longer tenures. We are also actively working towards completing refinancing of our Beta loans of around Rs 950 cr. It is a positive development, which will not only help us to improve the profitability of the business but will also aid in improving the cash flow and liquidity position.

With that let me conclude, my opening remarks, by saying that we believe we are in a much better position to deliver growth and create value for our shareholders. The legacy issues are behind us, we are now much focused and confident of delivering consistent performance going forward.

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

K.V. 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 session.

Starting with the top line, total income for the quarter stood at Rs. 150 crore as against Rs. 163 crore reported during corresponding quarter last year, while on a half yearly basis the same stood at Rs. 249 crore as against Rs. 296 crore, lower by 9% & 16% respectively. The decline was largely owing to the reasons mentioned by Mr. Venkatachalam earlier during the call.

EBITDA for the quarter stood at Rs. 123 crore against Rs. 135 crore reported in Q2 FY18 while on a half yearly basis the same stood at Rs. 199 crore as against Rs. 242 crore generated in H1 FY18, lower by 9% & 18% respectively. 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. 32 crore reported during Q2 FY18, while on a half year basis the same stood at Rs. 59 crore as against Rs.63 crore registered in H1 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, we are pleased to report that our debt rationalization strategies have resulted in the lowering the finance outgo in recent times. We have been successful in refinancing part of our high cost debt and at the same time securing extension on our existing maturities. We have successfully refinanced one tranche of existing loans amounting to Rs. 100 crore at a reduced rate of 12.75% from 18% p.a. earlier. w.e.f. 1st July 2017. The reduction in interest cost which we saved annually is about Rs. 5 crore. Also, loans amounting to Rs. 765 crore which were restructured under 5/25 scheme will now be refinanced on MCLR rates which are approx. 100 bps lower than prevailing rates of 13%. 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 cash flow and liquidity position to be fairly comfortable on the back of the above measures.

A quick word on RECs – we have seen significant improvement and buoyancy in the REC market in recent quarters largely owing to the strict enforcement of regulations. Demand and trading volumes continued to remain strong – enabling us as Mr. Venkatachalam said earlier to liquidate our entire REC inventory during the quarter. That's the third fourth consecutive quarter wherein we have been able to do that. Higher trading volumes also enabled liquidation of some of the certificates above their floor price. The upswing in the trading activity has resulted in REC's emerging into a reliable revenue stream for the Company. We secured revenues worth Rs. 9 crore via RECs during the quarter, while for H1 we generated revenues worth Rs. 14 crore. We are hopeful of the momentum in REC trading continuing in the future.

To conclude, we believe that we are well placed to deliver consistent growth going forward owing to our strategic initiatives and supporting macros.

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

Moderator The first question is from the line of Denny John, an individual investor. Please go ahead.

Denny John Sir, I am a retail investor holding your Company's share for a long time. Despite delivering good performance in recent times, our stock price somehow is not moving higher. What would you say about that?

S. Venkatachalam I would like to respond with a couple of points. Basically if you see the history of the company when we invested we actually invested in the best wind sites across the country in fact mainly in Tamil Nadu where the best wind sites that are available and then in the wind over the last 3-4 years in fact we suffered a huge amount of grid background and therefore we suffered about Rs.300 crore of loss both in terms of which is basically from the top line and will go straight down to the EBITDA and PBT levels. We were in fact supported by the Group to at least to come through a proper level with the bank so that we at least that was the banks. So, the Group is actually supported is by about Rs.700 crore to tide over this particular crisis. The second thing that happened was the biomass business we actually set it up, the fuels were almost free and then the tariffs were just about Rs. 4-5 kind of a tariff. Then the fuel prices went up putting the entire biomass industry in the country is to a spin, actually that's when if you see 2008 to 2010 years when most of the people invested in biomass heavily. After that fuel prices started firming up there has been no further investment in biomass as such. So, these two issues really complicated the overall sector. In fact, you are aware of the issues that the power sector itself is facing and going forward now we have done a few things as Kasturi mentioned that we divested the biomass business to our Group company. The second thing is the wind which we are in; the tariffs are in excess of Rs. 5 on an average. So, the overall we see good profitable times ahead. Now the way the share market reacts I will really not be able to comment because these are all very speculative trading and in fact the small and mid caps over the last few quarters have really taken a beating. So, we do hope that there will be a correction as far as the share prices in small and mid-cap companies are concerned.

Denny John What I understand is it's a very closely held company where public shareholding is very less. But how is this price coming down this much from below Rs. 10 somebody should be selling, is there any promoter or you have pledged most of your shares?

S. Venkatachalam Not at all, in fact none of the promoters are, all holding onto their shares and we are also hopeful of good times for you as well as for the entire company as a whole.

Moderator Thank you. The next question is from the line of Hemant Thillaisthanam from Elysium Investment. Please go ahead.

Hemant Thillaisthanam If you look at thermal power today it's composed of a two-part tariff structure. So, there is a fixed cost and there is a variable cost, now assuming the fixed cost of around Rs.1.6 per unit I'm just thinking why would it make sense for a DISCOM to broker renewable power even if the fixed rate it at Rs. 2.5 per unit. Because in this case the total switching cost for a DISCOM would be over Rs. 4 per unit so as long as there are thermal PPAs which are priced lower than this total blended rate I mean rationally a DISCOM would default on its renewable purchase obligation. So, what is the long-term situation here and what is the mechanism that can induce DISCOMS to switch to a renewable DISCOM?

S. Venkatachalam In fact, that's a good question really speaking. Now if you see just not the thermal power cost that one should take into account, the average power purchase price of most of the DISCOMS and most of the states is hovering around Rs.4.5 is where the average power purchase prices hovering around. That includes the thermal power which they have been buying. In fact, only some of the thermal power units are at a very low kind of a cost where they have got coal allocation directly next to their units itself. There are two things, one is when the thermal power plant is not running the state also or they are not able to evacuate thermal power plant. The state necessarily has to give them the fixed cost in most of the PPAs that have been signed. So, one is they will try to maximize or at least try to utilize the available thermal power and then go on to the wind power. Now but going forward what the Government has been looking at, they are looking at the different perspective altogether. They are looking at an 8% growth which I would say more like 6% to 7% but they are bullish on the figures because they see one is the electrification of villages and the lifestyle changes and so on and so forth. They are projecting an 8% growth and they would like it to predominantly come from renewables which is below the Rs. 3 mark. I will not even say below Rs.2.5 which some people would say. But now it is kind of firming up in last 10 days it has also gone at Rs.2.77, etc. So, to that extent it's not just the fixed cost because the thermal power plant not only the fixed cost they have to look at the overall cost including the finance cost, etc. which many of the thermal power plants have gone into kind of severe problems because of the banks are not able to finance, they themselves are not able to fulfill the bank obligations and so on and so forth. So, I think overall one has to take the fixed cost, the average power purchase as the benchmark rather than just a fixed cost of the thermal power plant alone.

K.V. Kasturi I just want to add to that Hemant, I think recently there is what is called—suggestions have been—the ministry has called for it. I think by first week of November they have to get the suggestions where there is a proposal to make a uniform pricing across the country like how the telecoms similar to that and they would like to dismantle all the cross-subsidies and all those things going forward. And today also there was a news about subsidy to farmers like how today DPT operating for the gas and other things and for the agricultural farmers they are likely to move that some sort of DPT concept so that the pricing is uniform across the system. And this will also help to large extent what if the cross-subsidy happens from industry to domestic and all those things will be dismantled very shortly. Maybe in the postelection it will happen. But there is a serious discussion going on especially on the pricing disparity between the domestic and nondomestic. So, once you dismantle all the cross subsidies so there will be some parallel of the price tariff will be more attractive for people to come to the system.

Hemant Thillaisthanam Very interesting but would this apply on prospective PPAs?

K.V. Kasturi Whatever I'm talking is only prospective maybe one year down the line because since election is in six months nothing will happen. Probably the postelection the thing will be moving in. I think maybe somewhere end of December '19 they will take a view on all this tariff and other things because today the attractiveness of investments in renewable sector is currently at a low level because of this tariff issue and uneconomical to run the plant whether it is solar or for that matter wind, everything is under a difficult position because considering there is an increase in dollar pricing and all those things are making it more unviable. So, definitely the ministry also will be thinking in that line to make it more attractive for investments to come to achieve that 100 GW of the target actually.

S. Venkatachalam In fact, one of the reasons why the issues between the Government and RBI is for the power sector alone in fact they are looking at, the RBI is trying to give relaxed norms for the power sector because many of them are receiving their payments late. Secondly many of the Thermal power plants with 30 to 40 GW of thermal power plants are lying in limbo with their coal blocks being canceled, etc. Thirdly the wind itself the banks are not very comfortable and lending to developers in wind and solar who have quoted very low tariffs in the bids. But I think that will get corrected over a period of time. In fact, Government even attempted to cancel a bid which was from SoftBank it has bought Rs.2.70 when the lowest quote is about Rs.2.44 from ACME. So, they try to cancel that bid in of course they are also aware that these are not really reasons to bid. But then in fact I attended a very interesting our conference conducted by the Power Minister himself with the leading bankers, about 15 banks the senior most people were there from them and the topic was why the banks are not lending to the renewable energy sector. Of course, it's most right to say that the tariffs are not viable but then the Power Minister shot them down by saying that if the developers are quoting Rs.2.50 or below I mean they would obviously know their business. So, the developers also the equally to blame for spoiling the market like this. But then of course the banks came up with delayed payments and other things which he said 'okay they will definitely look at those issues which are more concerning than the tariff itself'. So, I think they are aware of it and that are trying to take some corrective actions. They are also trying to talk to the RBI which has gone into a different kind of issue now but they are also trying to get the RBI to relax norms for the infrastructure and specifically the power sector itself.

Hemant Thillaisthanam Very interesting to hear this I mean the reason why asked is about 340 GW of total generation capacity currently and we use half of that. If you look at the demand supply situation of generation asset itself rather than progressing on prospective addition to any form whether it is thermal or renewable, it's creating a situation where thermal PLFs are at 69, south of 70 and renewables are also not really getting executed as you are saying. So, you have a scenario where neither generation utilities are really in a commanding position.

S. Venkatachalam But the PLFs have actually improved this year from last year to 60%-61% it has gone northwards because of the power shortage overall and also the spot market trading of power which has been at peaks for the last few weeks as such. So, these are in a way positive signs I mean if we call shortage of power positive sign that is the way to look at it.

Hemant Thillaisthanam The second thing which I wanted to check with you although there is a geographic imbalance in terms of the demand and generation centers for power in the country. Now could you just maybe spend a few minutes sharing your thoughts on the state of transmission and is the existing transmission capacity enough to match demand and supply and not have power shortages and will an increase in transmission capacities influence adoption behavior in favor of the renewables?

S. Venkatachalam Basically the Government is working quite fast on improving the transmission capacities so that the power can freely flow across the country to the farther most parts of the country as such. So, that will still take some time and I guess about 5 to 6 months before we come to that situation where it can freely flow across the country. As of now there are still constraints in the grid and that is why we are having these power shortages and in certain places power outages. But as we go forward they are looking at a uniform kind of a tariff across the country. They have got a lot of good thoughts in mind doing away with the cross-subsidy charges and so on and so forth. So, there is some uniformity and it doesn't matter where you buy your power from. In future maybe even privatizing of the distribution, etc. may have its own repercussions. So, it will be like you can choose from whether it's Airtel or Vodafone or Jio, etc. So, those kinds of things would come in the power sector in a much later future, probably couple of years down the line I can say.

Hemant Thillaisthanam Just one question as well from the previous point which you made, what is the level of engagement and interest in the Power Ministry level and amongst the industry level conferences as well in terms of fixing the situation on a longer-term basis? Would you say that it is far more positive today than what it was 5 years ago?

S. Venkatachalam Very much, in fact that you will see basically since the new Power Minister has come Mr. R. K. Singh few things he has done, in first few months he was listening and then the first thing that he did was he tightened up the REC mechanism. In fact, he took no nonsense approach with the various states saying that there will be penalties if you do not fulfilled obligations. So, at least to that extent he has been able to promote renewables. Second is they are trying to get more and more tenders in fact they have got another 20,000 MW tender in the pipeline. Of course one will have to wait and watch as to how many these are bid and at what rate these are bid because there has been a little temporary setback in terms of bidding because the tariffs are far too low for people to showing interest in it. But the ministry seems hell-bent on taking it forward because they see the kind of power demand they are projecting as I said about 8% growth in power demand which may be a little unrealistic at the present moment but going forward this could become a reality. Now they are very keen on also trying to solve as much as possible the thermal power plants which are languishing because of lack of coal block allocation and so on and so forth. But when you hear the minister this week at his various forums—of course in the renewable energy for him he will talk little more towards renewable energy side—but they are quite concerned and they really want to take up the issues that's why the bankers were called for a big meeting last month in Hotel Ashoka Delhi and they were really trying to address these issues about delays in payments and all these where the power sector gets the necessary push and the lenders should be comfortable and also the developers of whether it is thermal or renewable energy. There has been a lot of intent but the intent is beginning of the results so let’s see when these will translate into actual results in the next few quarters to come.

Hemant Thillaisthanam With all that happening in the financial markets over the last few months do you see that having a bearing on your refinancing efforts on your existing debt?

K.V. Kasturi We are working on the especially on the Beta Wind Farm. Probably I think we will be able to crack it by before end of this year, by Jan to March quarter where we are looking to look at it more. Now we are working with the 2-3 institutions. Hopefully we would file to close it by end of March. At least we would be looking at something like 100-150 basis points reduction from current rate. Current year average is around 12.6%, so we are planning to bring down to around 11% or 10.5% around that level. We are working on that. Today only area where we are facing the problem is only with regards to where the payment coming from AP DISCOM which is today dragging the whole thing. So, once we are getting some sort of a positive outcome from AP DISCOM then we are home on this re-financing option, should not be an issue. So, today that is only area where we are facing the problem. Other issues are under control and we're also working on some other around Rs.50 crore refinancing options at the existing small-wins which we have portfolio, reducing the current rate averages around 14.5% in particular portfolio to around 12%-12.5% level. So, we are working on couple of refinancing proposals in the current fiscal year. Probably by end of March we should be able to close it.

S. Venkatachalam And also the Power Ministry trying to address the issues of the power sector and the bank, etc. I think the initiatives will finally bear fruit and the banks will start again showing some interest. In fact, the banks have been asked to give a quarterly report on how much they are lending to the power sector and to the renewable sector. That's what came out of that meeting between the banks and the Power Minister. So, let's hope there is some push from the Government to get the banks to lend to the power sector because they are trying to hold back a bit as far as lending to the power sector. At least a last couple of quarters there has been a little bit of hold back from the banks. But going forward this will get corrected because they also need to lend somewhere actually.

Moderator Thank you. The next question is from the line of Rama Krishna, an individual investor. Please go ahead.

Ram Krishna My question is regarding six months back you were saying that you would like to buy some additional sites for the various expansions where they have good PPAs. So, is there any improvement in that area?

S. Venkatachalam Yeah, we have been looking at various assets which are up for sale. As we speak we are studying some of the proposals from various people who want to sell their assets. That probably will get concluded in the next 3-4 months. We are still looking at that seriously. But in terms of new investments as we said we are still watching the rates if the tariffs are at this kind of levels it’s about Rs.2.60-Rs.2.70 levels it still doesn't interest me. We are not able to see the logic in those kinds of numbers and the returns that those numbers will give us. So, let's hope for a better future from that. But we are definitely looking for people who have PPAs at good tariffs and also in Tamil Nadu whether it is a group captive with good tariffs.

Ram Krishna We were also hearing earlier about some other companies are looking for reverse majeure to merge with our OGPL. So, do you have any updates in that area?

S. Venkatachalam Yeah we were looking at IL&FS that was known to us. We were looking at it quite some time back and then both the things did not see value in each other’s proposal. Now we are considering another 2 or 3 in active consideration and we will definitely go through these further discussions and then we will be able to when the time is right and if there is something which we see. Going forward we will definitely announce it to the market research.

Ram Krishna Any forecast for third and fourth quarter, we know first quarter, we were in the net profit losses and this time we see some profits. What are your expectations for third quarter and fourth quarter from earnings per share or EBITDA perspective?

S. Venkatachalam Basically normally the wind industry is front ended as Q1 and Q2 the 70% of the generation takes place and Q3 and Q4 is normally about 20% of the generation takes place for the wind industry. So, Q3 and Q4 normally are not as good as Q1 and Q2 but we are waiting and seeing how much wind blows. There are some Northwest monsoons which come in during Q3 and Q4 and we do get some little bit of wind. We are hoping that it will be better than what it was last year. We are trying to make up for the…. but generally Q3 and Q4 are subdued compared to Q1 and Q2.

Ram Krishna We agree that second half will be normally our lower business but can we expect something we will close third quarter and fourth quarter individually with the net profit plus.

S. Venkatachalam Very difficult to speculate on those numbers. It will be only speculatory and probably very forward-looking.

K.V. Kasturi This business is quite different because the raw material so called the wind is quite difficult to predict. So, obviously we don't want to give any indication so far because it depends on how the wind patterns within the areas. It is quite difficult to say at this moment. But our objective so far in the last year we took it that at least for the PBT we will level break even. So, that momentum we're still working on that. So, we are hoping that it is by end of fiscal year we will be at PBT breakeven kind of a thing.

Ram Krishna Could you give some updates on our debt, we know that we were working with banks to reduce the interest shares and to expand the number of years period, so any updates on that?

K.V. Kasturi We are still in the discussion stage with various institutions. Probably we will be able to conclude by the fourth quarter that means Jan-February-March quarter. So, probably we will have some sort of visibility by end of Jan or maybe February end. So, definitely we will announce it in the public domain.

Ram Krishna The last question, it's related to the same that the first gentleman was asking about our market capitalization, our share market prices from investor's perspective. We do not see much appreciation, so are there any thoughts from the management side to give some benefits to investors like any bonus plans or splitting the face value or the year-end dividends or something, anything from management's side?

S. Venkatachalam In fact, as I explained in the last few years there have been stresses mainly because of Government related issues in the power sector being I mean with the Tamil Nadu not observing the notional status and then biomass getting into problems. So, from our side, we are doing everything to correct the situation and making it a pure wind company which has got a tariff on the range of Rs. 5 as against the present tariffs which are prevailing at about Rs. 2.5, etc., and the new competitive bidding that is taking place. So, once we get into a good situation and I'm sure we will be more than happy to reward the investors who have been with us for a long period of time and we all look forward to those kinds of days and it is very early to say when that will happen. But we are also hopeful that the markets go forward because we are really speaking apart from the performance of the company, control over the market is very difficult to comment on the way the markets are behaving as far as the small and mid-caps are concerned.

Moderator Thank you. As there are no further questions from the participants I now hand the conference over to the management for their closing comments. Over to you Sir

S. Venkatachalam Once again I would like to reiterate that as we explained the we are a pure wind company now with the biomass out of the way which we have divested, we see at least the wind sector I mean the challenges are far less except for a little bit of vagaries of the wind which happens year-on-year. Some years it becomes that you get a very good wind year. But one thing at least the evacuation has been really good and with that much better evacuation and the tariffs also firming up—you may recall that we are in a group captive mode in Tamil Nadu—and the tariffs are actually beginning to improve we see signs of that. Secondly the REC trading which was a big area of concern, the RECs are now selling to the full and we have got zero stuff of the RECs at the present moment. Thirdly, we see that there is a lot of push from the government as far as the power sector is concerned. They are quite concerned about the both thermal and the renewable power sector though they want to grow the renewable power sector much more in the coming years. And they have got targets to meet and they are doing their very best to ensure that all the ends are told in terms of the DISCOMS paying on time, the bank's lending to the renewable energy sector and so on and so forth. So, with the increase in demands and with the firming up of rates I think we actually see much better times ahead and we don't have the challenges or the baggage of the biomass business with us. And finally, I was also talking to you about the meeting between the bankers and the power sector which I am sure they had made a representation to the RBI also saying that the power sector needs certain concessions because they are being paid late or certain coal block allocations are canceled for the thermal power sector. So, I think those dialogs are also underway and overall, we see all these translating into a good times for the power sector, at least the renewable energy power sector for all time to come. So, with those closing remarks I wish you once again the very happy Diwali and for those in Gujarat and various parts, it's happy new year as well. Thank you so much.