



ORIENT GREEN POWER COMPANY LIMITED

01<sup>st</sup> August 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 Q1 FY 2019 results**

This is further to our intimation dated 17<sup>th</sup> July 2018 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Q1 FY 2019 Financial performance of the Company.

The transcript of the conference call held on Friday, July 27<sup>th</sup>, 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

### Q1 FY19 Earnings Conference Call Transcript

July 27, 2018

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**Moderator:** Ladies and gentlemen, good day and welcome to the Orient Green Power Company Limited's Q1 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, Janice. Good afternoon everyone. I welcome all of you to Orient Green Power Company Limited's Earnings conference call to discuss the performance for the first quarter of Fiscal 19.

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 attending the investor call. I trust all of you would have received the results and had a look at the results and gone through the investor presentation as well. Before I go through the details let me begin with a couple of comments which are already there in the press release as well as in the presentation that we have sent across. One is that the wind season this year has begun a little late, in fact it started in May 28th and so we had a little late start to the wind season. In fact, on the contrary the last year the wind season was pretty early and Q1 was good and in Q2 actually it tapered off.

This year it seems to be holding up as far as Q2 is concerned and more or less kind of making up the numbers that we have lost out in Q1. So, I will discuss few key developments for the quarter after which Kasturi will run you through the financials. Overall, we have begun the year well. Those of you familiar with the business would be aware of the elevation in the operational performance and profitability achieved in the immediate preceding financial. We are now sustaining the momentum and are confident of improving the profitability profile further. This confidence is a reflection of our belief that the benefits of the improved macro



strategic initiatives undertaken by us and steady resurrection of the balance sheet are yet to be fully realized.

Even as we are pleased with the initial success, we are quite sure that the strategic initiatives that we have undertaken in the past few quarters or few years are beginning to bear fruit and it will only improve further because many of these are still in work in progress. Let me move on to the key operational highlights and run you through the main headline numbers. The revenue from operations for the quarter stood at Rs. 94 crore and the EBITDA stood at Rs. 77 crore for the first quarter. The top line for the quarter is not really comparable with the corresponding period last year given that the wind season in the previous fiscal had an early start resulting in a high base for the period.

That said, we are confident of the H1 performance will definitely catch up. Further I would also like to mention that the REC that we had booked in the previous year was at Rs.1,500 following the Supreme Court ruling which was cut down to Rs.1,000, we have prudently taken it at 1,000 though we are quite confident that we would be able to get back at least the previously booked RECs in the escrowed amount and we should be able to realize the Rs.1,500. But as a matter of prudence we have booked it at Rs.1,000 and that makes a difference in terms of the overall numbers by about Rs. 4.2 crore. Now to continue on, over the years with a lot of key strategic initiatives we had number of positive developments which had made a meaningful contribution to the business and first and foremost is the grid availability.

The grid availability remains high in this quarter also the Tamil Nadu government has evacuated most of the wind power. In fact, the number of days for the Tamil Nadu Government is crossing 100 million units which has been a record compared to the previous year's itself, 100 million units over and overall requirement of 300 units to 320 units every day. This improvement is largely owing to the efforts undertaken by TANGEDCO and some various wind associations. With the system in place and the North South grid getting strengthened most of this power can flow to other states and the grid evacuation percentages can only improve further.

Now apart from that the sale of the biomass business, post that our efforts are primarily dedicated to developing and improving the efficiencies of our existing wind assets. We continue to have a good quality asset base along with and the plants located across some of the best wind sites in the country. We have long term off-take arrangements in place which insulate us from various cut-throat tariffs that are taking place across the sector. The other significant area of development has been the efforts taken towards deleveraging the balance sheet.

The higher interest outgo has been draining large chunk of the EBITDA over the years and which is the primary reason for the business reporting losses despite performing reasonably well on operational level. I am pleased to say that we have made significant headway as far as reduction in the interest burden. If you would recall about a Rs. 100 crore debt had been refinanced with from 18% to 12.75%. Further we have done the 5/25 scheme for major portion of about Rs. 1,000 crore of wind debt. Now that itself we are working actively towards refinancing that from a level of 13% to a single digit level. So, you can see that about Rs. 35 crore to Rs. 40 crore of savings would take place as far as the interest outgoes are concerned. In addition to the above two, the other positive development has been the revival in the REC trading.



Now since November last year there has been a lot of push for the various entities to fulfill their renewable power obligations and as of March 2018 as well as in the quarter ended June 2018 we have been having a complete sale of all the RECs that have been in stock. In fact, in the last two trading sessions, the RECs have traded above the floor price. Actually, two days back the IEX traded at Rs. 1,200 which is Rs. 200 above the floor price and PXIL the other exchange traded at Rs. 1,060.

So, we can see that despite the floor price having been brought down from Rs.1,500 to Rs.1,000, which we have contested the floor price itself of Rs.1,000 is gaining ground, in fact there is a shortage compared to earlier days or the earlier years where the demand was hardly there but with the shortage with the various entities trying to fulfill their obligations we see that there is a huge traction as far as the RECs are concerned.

To conclude I would just like to reiterate that while we take heart from the recent performance we firmly believe that we still have some way to go. The improving business fundamentals place us in a much better position to drive the next growth phase of the company. Further supportive macros should also help in delivering steady and consistent growth going forward.

That's it from me and I will 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 the time to join our earnings call. I will briefly run through our financial performance for the period under review post which we can start the Q&A session. As mentioned by Mr. Venkatachalam earlier FY19 has started off on a positive note for us. Profitability and cash flow position continues to improve. We are confident of sustaining the momentum going forward. Moving onto quarterly performance. Our revenues from continued operations for the quarter stood at Rs. 99 crore as against revenues of Rs. 133 crore generated in Q1 FY18 lower by 26%.

The decline was as mentioned by Mr. Venkatachalam owing to the fact that wind season in the previous fiscal had early start resulting in high base for the period. Grid availability continues to remain high resulting in transmission of higher units generated. EBITDA for the quarter stood at Rs. 77 crore as against Rs. 107 crore generated in Q1 FY18. Margins for the quarter stood at 77%. Benefits of higher operating leverage, better PLF coupled with the efforts towards improving cost efficiencies helped in margin preservation despite the lower revenue generation for the quarter. Depreciation for the quarter stood at Rs. 29 crore as against Rs. 31 crore reported in Q1 FY18.

Going forward as well the depreciation charges should stay lower given the bio-mass assets are off to the new books. Moving to the interest expense we continue to make steady progress in terms of rationalizing our debt. As mentioned in our previous call, re-financing and loan tenure extension has helped us to lowering our interest outgo. We have successfully refinanced one trench of existing loans amounting to Rs. 100 crore at reduced rate of 12.75% from 18% with effect from 1st July 2017. The reduction in interest rates will help to save around Rs. 5 crore per annum. The loans amounting to Rs. 765 crore which were restructured under 5/10 will also be refinanced on MCLR which are approximately lower than the 13% prevailing rate.



Going ahead we expect cash flow and liquidity position to be fairly comfortable on the back of above measures. Quick word on RECs before I conclude. Demand for the certificates continues to remain high. As mentioned earlier by Mr. Venkatachalam we have liquidated our entire inventory for the second consecutive quarter helping us to fetch almost around close to Rs. 5 crore. Going ahead we are hopeful that momentum in REC trading continues in the future. To conclude we believe that we are well placed, we will deliver consistent growth going forward owing to our strategic initiatives and supportive macros. That is all from me and we can now take your questions.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session.

We take the first question from the line of Hemant Thillaisthanam from Elysium Investment. Please go ahead.

**Hemant Thillaisthanam:** Could you firstly talk about the transaction that has happened recently in July with Orient Green power PTE, the Singapore Company?

**K. V. Kasturi:** See what we have done is earlier, in the case of Orient Green Power PTE Singapore, it was held by three entities. One was our parent company, another was Bessemer another was the Olympus. These three entities were holding shares in that company. What we have done is we have dismantled that outfit and made it into individual holdings in the respective entities level. So, the entire Singapore outfit is no longer there. It has been liquidated and post to this the SVL Limited, which is our holding company, will hold arounds 48.73% and Bessemer and Olympus Capital will hold around 22% put together. So, this is nothing, but existing holdings distributed to the individual stake holders.

**S. Venkatachalam:** We are dismantling the Singapore structure.

**Hemant Thillaisthanam:** Yes, the Singapore PTE company no longer exists. Another question is on the industry. In recent times you have seen solar tariffs move up and module prices are moving down because of increased supply from China. How would you compare the economics today of putting up a solar plant versus putting up an equivalent wind plant? Just curious to hear your thoughts around that.

**S. Venkatachalam:** See basically solar definitely because China is not putting up anymore Solar, Wind mills I mean at least they have cut down their installations. There is excess manufacturing capacity available in China at this point in time. So, as a result there has been downward trend in terms of the panel prices and at least in the last few quotes, okay we have had quotes of Rs.2.43, Rs.2.44 as far as solar is concerned. The last few quotes are little higher than Rs.2.5 but then I would expect these quotes to remain at the same level. Of course, what has happened is at least those people who have quoted Rs.2.43/Rs.2.44 etc. have not yet put up the installations, I mean we are waiting for that part to happen as well because some of them are saying that they have got commitment as far as the panel supplies are concerned but when the panel supply actually begins to take place they jack up the rates and China is not very trustable as far as supplies are concerned.

They really do not honor the commitments but even if they do because there is an excess supply of panels. Second is the quality of panels and the kind of assumption that you make in your excel sheets with the price and there is always an inflated PLF which is put onto the excel sheet, thereby enabling them to quote very low rates. I would again wait for about 2 or 3 quarters for the things to stabilize



as far as solar is concerned. Wind, we do not see so much of a trend because of the, last year also there was some sites which were quoted at Rs.2.44 but then going forward later quotes came a little higher price of Rs.2.50/Rs.2.60 kind of ranges. Now we will have to see as we put up these wind mills whether the sites are able to deliver those PLF that they have assumed in their calculations. So, it will definitely firm up over a period of time but still will be sub 3 levels only in future.

**K. V. Kasturi:** Just add to that the dollar to rupee has now gone up substantially, so definitely the import content which was the substantial part is now almost gone up by, they must have taken the calculation at Rs. 64 or Rs. 65, now it is almost Rs. 68, Rs. 69. So, obviously this will have a significant impact on the import content. So, those who have particularly projected certain x amount for CAPEX and certain tariff so there again the calculation will go haywire actually.

**Hemant Thillaisthanam:** Yes, that is actually an excellent point we have good headway in to my follow up question to that so as you say that the rupee has now depreciated towards Rs.68-Rs.69 and you are also having a scenario where interest rates are moving higher globally, so whether I am a domestic plant producer which is planning to put up a plant or if I am bringing in capital in dollars, my cost of financing has moved up. So, how do you view this development in light of the wind energy and solar energy expansion happening. Do you think it is going to slow down how people bid? Do you see any change in bidding behavior given that financing as well as the currency has depreciated now?

**S. Venkatachalam:** See basically government is looking at 10,000 MW of wind and 10,000 MW of solar tenders in the near future and then further adding up to coming up with another tender of similar levels in the coming month as such. So, as long as there are lots of funds available and sitting at the doorstep there is always a pressure to quote whatever they can quote and then grab the orders but if it is 10,000 MW and above, obviously, see the last round of Solar bidding only half of it got bid, really speaking. Only 5,000 got bid and the rest remained unbid as such.

Bidding behavior always is something I would call it a mob psychology, there is always a little bit of friendly and people tend to quote lower than what they actually are capable of. Bidding behavior is always something which sometimes beats all logic and people quote haywire and go berserk as far as when it comes to competitive bidding. And probably the government is capitalizing on that at this moment. But I would not see the entire 20,000 MW of wind and solar been bid to the full. Those who bid will continue to bid sub-3 levels but I really do not think they would really bid for the entire 40,000 MW.

**K. V. Kasturi:** And it will be more like a wait and watch kind of environment will be there for at least for next 6 months to 9 months' time. And Second thing is the election is likely to come in the next or less than one year, so obviously that will also have the bearing on the new investments.

**Hemant Thillaisthanam:** And one final question. again, given the scenario of rising interest rates even domestically do you think that would in any way have any bearing on your refinancing efforts on your debt?

**K. V. Kasturi:** Currently our interest rates in the case of Beta Wind Farm where we are looking for a refinancing is around 12.5% right now. So, we are looking at around, we are trying for single digit, maybe we will probably the 25 basis points or 50 basis points we may have to make higher interest. So, that we will have to work it out. See right now we are in discussion with couple of players, so that once we firm up the

proposal then that time we need to get the fine tuning the rates depending on the market, how the market prevails at that time.

So, definitely there will be yes because now many banks which are currently in our portfolio have increased their MCLR rate by 25 basis points in the last 2 months time. So, obviously that will have a reflection on the market itself, but we are hoping that considering the quality of assets and all those things we are looking for better negotiations and try to get more mileage on that.

**Moderator:** Thank you. We take the next question from the line of Rajgopal Ramnathan, Individual investor. Please go ahead.

**Rajgopal Ramnathan:** Just I had two questions for you. One is, currently what is the operating cash flow at the end of the quarter? And the second one is what is the position in terms of the receivables, particularly the AP receivables that you mentioned which have been sticky for the past year or so? Has that come down? What is it as a percentage of sales?

**K. V. Kasturi:** The first quarter cash profit is around Rs. 30 crore.

**Rajgopal Ramnathan:** But given that you have now been tracking roughly Rs. 300 crore of operating cash flow for the past couple of years or so, I understand that there will be particular periods where the cash flow numbers would probably oscillate quite wildly. But are you confident that you should be able to track Rs. 300 crore of cash generation for this year?

**S. Venkatachalam:** Yes, so it is basically overall in terms of generation ideally, we see the second quarter making up and also the cash flow wise the only area of concern really for us has been the Andhra Pradesh which is holding back may be about Rs. 14 crore is what Andhra is delayed by. I mean there is the overdue amount only not the one which is just filled in not yet due. And apart from that which I talked earlier is about the REC receivables. The REC trading has been going on but there is about Rs. 38 crore or Rs.39 crore which has been escrowed in with the CERC because the REC there was a dispute that the CERC determined the price of Rs 1,000 roughly and Rs. 1,500 in April last year and this was by the association saying it you cannot do it with the backdated effect.

Because it is due to a lack of enforcement that the trading did not take place and it is the lack of enforcement by the Government itself. So, the Government cannot come back and say that the previously held RECs you cannot use the new kind of rate. But having said that it is about Rs. 39 crore which is held in escrow which is being contested okay in the next few months they should come with the judgment on that. And that definitely along with this Rs. 14 crore, even with this Rs. 14 crore is available from AP we would be well, at least we would be on standard as far as the banks are concerned.

**Rajgopal Ramnathan:** Overall receivables as a percentage of sales, how much would that be right now?

**K. V. Kasturi:** We do not have much of receivables except the AP receivables. See our receivables in Tamil Nadu is on, we normally invoice it on a date of 10th or 15th, so we get a payment within 21st, so there is no much of a receivables issue there. Similarly, we have Gujarat which is the significant generations there where they pay within 10 days' time. So, we submit the bill around say 18th or 19th we get the payment within 10 days' time. So, only today this is only with respect to AP Discoms which we are hopeful that in the, since lot of pressure is going from the

Discoms particularly associations and they will start releasing it in the coming period.

Because what is happening is this is impacting the further investment in Andhra Pradesh. So, the moment you know if you want any investments in renewable space many players who are existing players or the new investors who are wanting to invest will hesitate if they particularly on the receivables side if they are not getting the money on time. So, definitely the government will definitely take the cognizance of that issue and they will try to address it early.

We are also pushing through the association in terms of almost every month we are pushing it. So, there is some level of understanding is there from the government level, so right now we do not have much invoices pending because it is all off season invoices and now the season has just started June and July season which is where the real challenge will come in terms of getting a realization from government.

**Rajgopal Ramnathan:** My suggestion to you is, as a part of your investor presentation it would be nice if you actually also throw in the cash flow statement on a quarterly basis. It only gives a little more confidence to the entire investing community not just the equity share holders, but also your potential debt investors who might want to sort of take exposure to different quantities?

**K. V. Kasturi:** You will find it from Q2 onwards

**Rajgopal Ramnathan:** Okay, appreciate that thank you very much.

**Moderator** Thank you. We take the next question from the line of Denny John, individual investor. Please go ahead.

**Denny John:** Sir, just wanted to check our legacy issues as far as Wind business is concerned, meaning the grid backdown and all have been sorted out right? And now with Biomass also not part of the books, can we expect better performance going forward?

**S. Venkatachalam:** That all has been sorted out. In fact, the second issue was biomass where it was a very good business to enter, when we entered this between 2007 and 2010 and then we continued to invest in that area because fuels were almost available at throwaway prices. So, within Rs. 1,000 a ton including the freight cost bringing the fuel from the farms onto the biomass units and you multiply it by 2 to get about approximately to get one unit of power. So, anything Rs. 3 to Rs. 4 was workable tariff and profitable tariff as far as biomass was concerned including the repayment and the interest cost.

But later what happened was there were other competitive users competing users for the fuel like brick kiln and various other factories started using the biomass as a result of which the base price of biomass went up to almost Rs. 2 and then the landed price was more than Rs. 2.5. So, anything below Rs. 6 or Rs. 7 was not viable for biomass units.

**Denny John:** That also has been sorted out you sold all those things?

**S. Venkatachalam:** No, not really been sorted out. In fact, what we did was we lobbied a lot with the governments to, I mean with the central regulator to get the tariffs improved. Few





states did improve but many states did not follow the line because they were saying we do not want to approve anything above Rs. 6 that kind of tariff we are not able to approve. Many states are still at Rs. 5 kind of rates which is not viable for biomass. So, what we did was over a period of time we realized that biomass is not going to add any value to the shareholder, so we divested the biomass units onto our group company.

**Denny John:** Yes, parent company. I know that I have seen that. Because I have been following you for 7 years, so I know that.

**S. Venkatachalam:** So, with the pure wind company and with the grid availability being improved from a level of 60%, 70% to 95% plus in Tamil Nadu and anyway Andhra and Gujarat are giving us a good grid availability. I think and plus the reduction in interest rates that we talked about and overall the REC also which was holding us back. In fact, at any point in time we used to have Rs. 70 crore to Rs. 80 crore worth of REC stocks unliquidated stocks with us. Now all these things are of the past and definitely I am sure we will see some good times, that is what we are very confident and positive about. And I am sure you will also see some good times, things have been bad and have been very challenging for the industry. In fact, if you know the power industry itself has gone through very difficult times, even the coal.

**Denny John:** That I agree. Another question. You have a huge debt. So, why do not you think about this QIP method and raise some equity and pay that debt, so that will free you of lot of debt? You can save on that. You have Bessemer and Olympus all those people with you, it should not be big problem for you?

**S. Venkatachalam:** Basically, we were attempting this QIP and other thing. Now we are looking at reducing the interest rate as Kasturi pointed out. We did attempts QIP and various other things but then with the grid backdown issues nobody could believe that the grid pattern could exist.

**Denny John:** Now with the present situation?

**S. Venkatachalam:** In the present situation we are approaching a number of investors who are now keen to look at our portfolio because they see the biomass is also out of the way which is another thing which is hindering from raising funds from various other sources. So, now we are poised for not only replacing some of the loan components but also for much better growth in times to come.

**Denny John:** Yes, QIP should be a better option I believe.

**S. Venkatachalam:** Yes, you are absolutely right.

**Denny John:** Because last year also you have been trying with the consortium of banks to bring down your interest, but I think not much has worked out, right?

**S. Venkatachalam:** Yes, actually with the same consortium we are going with other investors, foreign investors who can offer much lower interest rates.

**Denny John:** Yes, that is what I was wondering.

**S. Venkatachalam:** In fact, a very valuable suggestion we do take that.



- Denny John:** Yes, please because being a normal ordinary investor these are some few things which came to my mind. So, all the best, sir.
- Moderator** Thank you. We take the next question from the line of Amit Garg, individual investor. Please go ahead.
- Amit Garg** Can you talk a little bit about the wind season, you mentioned it started late this year would it go on till later and what is the typical length of it?
- S. Venkatachalam** See basically the wind season typically begins in first or second week of May and ends around mid-October. That is how it goes. In fact, last year it started in the first week of May itself, it started earlier than usual for Q1 was very good, but Q2 kind of tapered down a bit. And so overall last year compared to the previous year prior to that was more or less equal in terms of though, Q1 was much better, Q2 kind of made up for the Q1 positives. In fact, last year Q1 was 5 crore higher than the previous year Q1.
- This year Q1 is 5 crore units less than the last year's Q1. Normally we would expect the wind season in fact it is already we can see lot of signs of it making up though it is still not made up to the full. We would expect it to last extend itself on the other side of the let us say the end date as we call it. But it is anybody's guess but normally it would happen.
- And related to the rains, it is in fact it is related to the rainy season I mean most of the monsoon winds is what we capture. In fact, what actually happens is the first two, three weeks of May there was some wind patterns which went on to the Arabian Sea and towards Oman there were some cyclonic effects etc which dragged of some of the winds that side. If you remember May first week there was some cyclones on that side actually. These are all weather phenomenon which are very difficult to predict I mean it as good as predicting the rains though they only say that this year the rains will be good or above average, below average.
- K. V. Kasturi:** The only thing is a good factor is now the Government of Tamil Nadu I think was kind enough in terms of evacuating almost in the first quarter itself average evacuation were 95% which is really a continuing thing even last year also same kind of trend was there. Definitely that should help in terms of prioritizing the evacuation of renewable power. So, almost now they are using it almost the Tamil Nadu Government is using almost close to 40% of the power is from renewable power.
- Amit Garg:** Now if I got that right so it starts in first or second week of May and goes on till mid October so all of Q2 it is typically covered? Does the intensity also vary over this period because it seems like from the results Q1 and Q2 are about the same, Q2 is slightly higher but I think it is about less than two months in Q1 and three months in Q2 that would mean the intensity also tapers off in Q2, is that right?
- S. Venkatachalam:** No, Q2 is the best quarter because Q1 if it starts in May we lose April we do not get wind, so May June is when we get wind in Q1. Q2 is July-August-September is definitely good. Q2 is the best quarter always for us. Intensity definitely varies on a day-to-day basis even on an annual basis you will find intensity varying for the wind in any given location. And across locations in fact if you see the Southern tip that is Kanyakumari side versus the Coimbatore side, there will be varying intensities even across these two locations or even within a location, let us say within 100 kilometers you will find the intensity varying across even 10 kilometers radius.

- K. V. Kasturi:** Just to add to this normally our assessment is 70% of the revenue and EBITDA happens in the first half. So, that is the normal thumb rule. So, that is how it is mostly front ended kind of a thing so first half itself we will achieve 70% of the overall performance.
- Amit Garg:** Can you talk a bit about the expansion in Andhra and what is holding that up? The 43.5 MW expansion in Andhra?
- S. Venkatachalam:** See I mean we have been actively following up with the Andhra Government. See what has been happening is we are trying to work out the rate. In fact, the earlier installations that we have it is at Rs. 4.84 rate so we are working actively with the government to at least to give us a Rs. 4.50 or Rs. 4.70 rate. So, that negotiation is in process. Now once that is through we should be able to start, the moment that is through we will immediately raise the funds and start the project.
- Amit Garg:** Okay and what about other expansion? Since you talked about in the previous gentleman's question about QIP and raising funding are you thinking about expanding?
- S. Venkatachalam:** Yes, see basically if you want to really expand in wind or even in solar as somebody suggested today it is in competitive bidding at tariffs which to us do not seem very workable, with the kind of finances that we can raise given our existing portfolio. Now many of them are quoting some very fancy rates mainly because they have lot of funds sitting with them and there is a pressure to actually quote and bid say suboptimal levels and win the bids and there is a lot of pressure on them to win all these tenders as such.
- But at least in the next couple of quarters we do not see this kind of trend easing out. We are definitely looking at investments once that eases out a bit and once we are able to reduce our interest rates and at least deliver profitability to the investor and the shareholders. Second thing is we were actively considering IL&FS in terms of a reverse merger there are others also various other strategic initiatives that we are actively considering, and we have been actively considering. A few investors were talking to us, so this could be various things that could happen in the near future either expansions or some kind of a merger because we are a listed entity.
- Moderator:** Thank you very much. The next question is from the line of KP Singh, individual investor. Please go ahead.
- KP Singh:** My first question what is the status of Rs. 117 crore which was given as an advance for 43 MW Andhra Pradesh project? Is company getting interest on advance payments? Recently we have discussed about this matter that you are taking up with AP Government for the rate negotiations. So, is the Company getting interest on advanced payment?
- S. Venkatachalam:** No, normally none of the suppliers because they have already ordered some equipment based on the advances given. Whichever supplier nobody gives you interest on the advance payment because they have already procured some part of the equipments from the Rs. 117 crore just paid to them. So, that is normally not a practice actually.
- KP Singh:** So, my second question, what is the status of disinvestment of Amrit Environmental Technology and near to Kotputli, when do you expect realization in our books?

**S. Venkatachalam:** See basically if you see the biomass unit as such, they have already been sold off to our divested with the Group parent company. Now Kotputli as far as our this thing is concerned, it is already written down investment and this particular biomass unit I mean it started off well number of years back and then the fuels were not available in the Delhi-Jaipur Highway as such because it was a very prime location. We have already identified a buyer who is buying both the land as well as the machinery and he is already given us some advance as such. So, we are in the process.

**KP Singh:** Can we expect in next quarter, sir?

**S. Venkatachalam:** Next quarter it should be through.

**KP Singh:** And my last question is how much capacity of wind power is going to repowering more before 2020?

**S. Venkatachalam:** See repowering as such, Gujarat has recently come up with a repowering policy. There is no such clear-cut policy as far as Tamil Nadu is concerned because these were the two states which have got the oldest wind mills. In fact, at least 1,000 MW by 2020 which is just two years away. At least in Tamil Nadu 1,000 MW should come up and Gujarat about 300 MW - 400 MW should come up for repowering.

Having said that, repowering is also not that easy if you have got a huge tract of land, because the old machines were all much smaller machines let us say 250 kilowatts kind of machines which had a blade diameter of say 26 meters, 27 meters. In order to maintain a distance between wind mills of 5 times a diameter that is side to side, about 7 times a diameter so wind mills would affect each other's performance as such.

Now today the windmill blades are excess of 100 meters kind of diameter, so you are to have a half kilometer on one side and 1 kilometers on the other side. So, if you have a big tract of land where you will put let us say 20 MW, 30 MW then you can repower it, but if you have points, see later after 2010 many people were only buying points, nobody was buying huge tract of lands.

**KP Singh:** Most of your windmills are at Tamil Nadu side which are expiring on 2020?

**S. Venkatachalam:** Not really. In fact, our windmills have got another five, six years, so as far as Tamil Nadu is concerned but as far as Andhra is concerned another three, four years. So, that we will be repowering shortly once we have some repowering policy as far as AP is concerned.

**KP Singh:** So, what is the status of wind season in July compared to last year? This year is it better than last year or it is comparable with last year?

**S. Venkatachalam:** July wind season has been better than last year. In fact, we have as I said see first quarter we lost out because of the late start, but July it is making up it is better than last year's July. So, there is some amount of makeup which is happening in July this year.

**Moderator** Thank you. Well, that seems to be the last question. I would now like to hand the conference over to the management for their closing comments.

**S. Venkatachalam**

Thank you all once again for attending the investor call. Now as we have just covered the first quarter performance has been a little subdued compared to the previous year mainly because of the lower wind which was available owing the late start of the wind season. But these are some of the vagaries that we have to deal with in this form of business and in fact last year was much earlier than usual, this year it is later than usual. And as I said there is some amount of making up which is happening in July thanks to the wind God as such.

Now apart from that I have also pointed out that this year it is a little understated by about Rs. 4 crore because the REC last year we had booked it at Rs. 1,500 whereas this year we have booked it at Rs. 1,000 though we are confident that we will be able to monetize the previous RECs which are held in escrow. Further to that one is the divestment of a biomass businesses which has reduced our loan burden. Secondly the interest rates which we are working actively to further reduce the interest costs. Thirdly the grid back down which is now a thing of the past which is something which we have been enjoying for the last couple of years.

With all this and with OGPL being a pure wind business, now we really see some good times ahead and we are confident that we will be able to give some really much better performances in the years to come along with various strategic initiatives which we will be talking about in the coming quarters. Thank you so much and thanks again for attending the earnings call.